Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2014

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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[Document Submitted]	Annual Securities Report (“Yukashoken Hokokusho”)
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[Accounting Period]	The 9th Fiscal Year (from April 1, 2013 to March 31, 2014)
[Company Name]	Kabushiki-Kaisha Mitsubishi Tokyo UFJ Ginko
[Company Name in English]	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
[Position and Name of Representative]	Nobuyuki Hirano, President
[Location of Head Office]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Akira Narumi, Chief Manager of Corporate Administration Division
[Nearest Contact]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Akira Narumi, Chief Manager of Corporate Administration Division
[Place Available for Public Inspection]	Available only at the Head Office

I. Overview of the Company

1. Key Financial Data and Trends

(1) Key consolidated financial data and trends over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

	Fiscal 2009 From April 1, 2009 to March 31, 2010	Fiscal 2010 From April 1, 2010 to March 31, 2011	Fiscal 2011 From April 1, 2011 to March 31, 2012	Fiscal 2012 From April 1, 2012 to March 31, 2013	Fiscal 2013 From April 1, 2013 to March 31, 2014
Consolidated ordinary income	3,515,787	3,209,835	3,295,914	3,419,307	3,599,428
Consolidated ordinary profit	458,286	849,766	931,709	1,070,928	1,217,534
Consolidated net income	362,886	719,795	544,324	673,514	754,323
Consolidated comprehensive income	–	390,207	782,932	1,573,447	1,157,696
Consolidated total equity	9,300,572	8,907,445	9,262,169	10,658,841	11,741,453
Consolidated total assets	165,095,177	163,123,183	171,663,939	181,625,557	201,614,685
Total equity per share (yen)	574.78	579.24	620.62	729.93	798.38
Net income per common share (yen)	30.16	56.78	42.57	53.07	59.62
Diluted net income per common share (yen)	30.16	–	42.57	53.07	59.62
Capital ratio (%)	4.69	4.63	4.70	5.18	5.08
Consolidated return on equity (%)	5.63	9.82	7.08	7.85	7.79
Net cash provided by (used in) operating activities	13,339,631	7,875,448	6,618,372	(1,608,988)	(5,283,802)
Net cash provided by (used in) investing activities	(14,168,589)	(7,043,348)	(6,199,174)	3,123,896	6,257,777
Net cash provided by (used in) financing activities	1,006,620	(984,100)	(538,844)	(992,372)	(918,046)
Cash and cash equivalents at end of period	3,449,274	3,171,595	3,024,292	3,692,657	3,998,556
Number of employees [Besides the above, average number of temporary employees]	55,549 [25,300]	56,812 [22,900]	57,338 [21,000]	59,057 [20,700]	78,105 [21,000]

(Notes)
1. National and local consumption taxes of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter referred to as the "Bank") and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
2. In calculating "Total equity per share," "Net income per common share" and "Diluted net income per common share" (hereinafter referred to as "Per Share Information"), the Bank has adopted the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).
   The basis of calculation of Per Share Information is described in "Per share information" under Section "Notes to Consolidated Financial Statements" of "V. Financial Information."
3. Diluted net income per common share is not stated for fiscal 2010 due to the absence of dilution effect despite existence of residual securities.
4. Capital ratio is calculated by dividing ("total equity at the end of fiscal year" - "subscription rights to shares at the end of fiscal year" - "minority interests at the end of fiscal year") by "total assets at the end of fiscal year."
5. Consolidated price earnings ratio is not available as shares of the Bank are unlisted.

6. The average number of temporary employees includes contractors and figures are rounded to the nearest hundred. The number of contractors counted as temporary employees during fiscal 2009 was 19,100, during fiscal 2010 was 16,600, during fiscal 2011 was 14,700, during fiscal 2012 was 10,700 and during fiscal 2013 was 6,700.

(2) Key non-consolidated financial data and trends of the Bank over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

Fiscal period	5th Term	6th Term	7th Term	8th Term	9th Term
Period of account	March 2010	March 2011	March 2012	March 2013	March 2014
Ordinary income	2,916,427	2,692,418	2,766,126	2,796,371	2,921,537
Ordinary profit	407,826	657,999	743,322	860,995	1,002,109
Net income	342,667	639,263	469,042	585,112	650,257
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	7,559,752	7,393,796	7,895,334	8,908,319	9,398,694
Total assets	153,924,815	153,453,411	161,441,406	169,305,125	181,692,063
Balance of deposits	103,976,222	105,854,679	106,680,877	112,154,287	119,636,522
Balance of loans and bills discounted	69,106,624	64,981,715	69,386,000	74,104,875	79,495,010
Balance of securities	52,068,380	58,303,309	63,452,246	63,071,374	56,790,753
Total equity per share (yen)	558.86	565.91	606.52	689.01	728.72
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	Common stock 17.13 [6.57] 1st series Class 2 preferred stock 60.00 [30.00] 1st series Class 6 preferred stock 210.90 [105.45] 1st series Class 7 preferred stock 115.00 [57.50]	Common stock 19.96 [9.98] 1st series Class 6 preferred stock 210.90 [105.45] 1st series Class 7 preferred stock 115.00 [57.50]	Common stock 11.64 [5.89] 1st series Class 6 preferred stock 210.90 [105.45] 1st series Class 7 preferred stock 115.00 [57.50]	Common stock 11.19 [5.60] 1st series Class 6 preferred stock 105.45 [105.45] 1st series Class 7 preferred stock 115.00 [57.50]	Common stock 17.85 [7.35] 1st series Class 7 preferred stock 115.00 [57.50]
Net income per common share (yen)	28.37	50.29	36.50	45.91	51.19
Diluted net income per common share (yen)	–	–	–	–	–
Capital ratio (%)	4.91	4.81	4.89	5.26	5.17
Return on equity (%)	5.44	8.92	6.22	7.08	7.21
Dividend payout ratio (%)	63.29	39.68	31.88	24.37	34.86
Number of employees [Besides the above, average number of temporary employees]	34,902 [15,421]	34,797 [13,705]	35,480 [12,468]	36,499 [12,283]	37,527 [12,603]

(Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
2. In calculating "Total equity per share," "Net income per common share" and "Diluted net income per common share," the Bank has adopted the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).
3. Diluted net income per common share is not stated due to the absence of residual securities.
4. The interim dividends for the 9th Term were resolved at the Board of Directors meeting held on November 14, 2013.
5. Capital ratio is calculated by dividing ("total equity at the end of fiscal year" - "subscription rights to shares at the end of fiscal year") by "total assets at the end of fiscal year."
6. Price earnings ratio is not available as shares of the Bank are unlisted.
7. Dividend payout ratio is calculated by dividing the total dividends on common stock by net income after the deduction of the total dividends on preferred stock.
8. The number of employees excludes employees loaned to other companies but includes employees loaned to the Bank and locally hired overseas staff members.
9. The average number of temporary employees includes contractors. The number of contractors counted as temporary employees during the 5th Term was 11,149, during the 6th Term was 9,631, during the 7th Term was 8,559, during the 8th Term was 4,558 and during the 9th Term was 2,962.

2. History

August 1919	The Mitsubishi Bank, Limited was founded with capital of ¥50.00 million (of which ¥30.00 million was paid in), inheriting the business of the Banking Division of Mitsubishi Goshi Kaisha, and started operation on October 1, 1919.
December 1933	The Sanwa Bank, Limited was founded with capital of ¥107.20 million (of which ¥72.20 million was paid in), as a result of the merger of The Thirty-Fourth Bank Limited, The Yamaguchi Bank, Ltd. and The Konoike Bank, Limited.
June 1941	The Tokai Bank, Limited was founded with capital of ¥37.60 million (of which ¥27.25 million was paid in), as a result of the merger of The Aichi Bank, Ltd., The Bank of Nagoya, Ltd. and The Itoh Bank Limited.
December 1946	The Bank of Tokyo, Ltd. was founded with capital of ¥50.00 million (fully paid in), on the basis of business transfer from The Yokohama Specie Bank, Ltd. and started operation on January 4, 1947.
April 1996	The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd. were merged to become The Bank of Tokyo-Mitsubishi, Ltd.
April 2001	The Bank of Tokyo-Mitsubishi, Ltd., Nippon Trust Bank Limited and The Mitsubishi Trust and Banking Corporation jointly established by share transfer the wholly-owning parent company, Mitsubishi Tokyo Financial Group, Inc.
	The Sanwa Bank, Limited, The Tokai Bank, Limited and The Toyo Trust and Banking Company, Limited jointly established by share transfer the wholly-owning parent company, UFJ Holdings, Inc.
January 2002	The Sanwa Bank, Limited and The Tokai Bank, Limited were merged to become UFJ Bank Limited.
October 2005	Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. were merged to become Mitsubishi UFJ Financial Group, Inc.
January 2006	The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited were merged to become The Bank of Tokyo-Mitsubishi UFJ, Ltd.

3. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group (The Bank of Tokyo-Mitsubishi UFJ, Ltd. and its subsidiaries and affiliates) comprises the Bank, 160 consolidated subsidiaries, and 59 equity-method affiliates, and is engaged in banking and other financial services (including trading of financial instruments and leasing).

The Bank has established its business units according to the characteristics of its customers and the nature of its business. Each business unit engages in business activities based on comprehensive strategies developed for and aimed at respective targeted customers and businesses. Accordingly, the Bank's operations comprises segments classified by customers and business; namely, the Retail Banking Business Unit, Corporate Banking Business Unit, Global Business Unit, Bank of Ayudhya Public Company Limited (hereinafter referred to as "Bank of Ayudhya"), Global Markets Unit and Other units.

Positions of main subsidiaries and affiliates in relation to each business unit are illustrated in the following organizational chart. Classification of businesses in this chart corresponds to the reportable segments in "Notes to Consolidated Financial Statements" of "V. Financial Information."

Retail Banking Business Unit	: Providing financial services to individual customers in Japan
Corporate Banking Business Unit	: Providing financial services to corporate customers in Japan
Global Business Unit	: Providing financial services to overseas individual and corporate customers
Bank of Ayudhya	: Commercial bank in Thailand
Global Markets Unit	: Foreign exchange, funds and securities transactions for customers and markets, liquidity and cash management
Other units	: Settlement and custody services, investments, internal coordination, etc.

(As of March 31, 2014)

*consolidated subsidiaries, **equity-method affiliates

Mitsubishi UFJ Financial Group, Inc. (Parent Company)

The Bank of Tokyo-Mitsubishi UFJ, Ltd.		**Banking**
Retail Banking Business Unit	* kabu.com Securities Co., Ltd.	Financial instruments business
	* MU Frontier Servicer Co., Ltd.	Servicing
	**JACCS CO., LTD.	Intermediation of Credit
	**Jibun Bank Corporation	Banking
	**JALCARD, INC.	Credit cards
Corporate Banking Business Unit	* The Mitsubishi UFJ Factors Limited	Factoring
	* Mitsubishi UFJ Research and Consulting Co., Ltd.	Research, study and consulting
	**BOT Lease Co., LTD.	Leasing
	**Mitsubishi UFJ Capital Co., Ltd.	Venture capital
Global Business Unit	* UnionBanCal Corporation	Bank holding company
	* MUFG Americas Capital Company	Financial instruments business
	* BTMU LF Capital LLC	Leasing
	* BTMU Capital Corporation	Leasing
	* BTMU Securities, Inc.	Securities-related business
	* BTMU Capital Leasing & Finance, Inc.	Leasing
	* BTMU Leasing & Finance, Inc.	Leasing
	* BTMU Lease (Deutschland) GmbH	Leasing
	* PT U Finance Indonesia	Consumer finance and leasing
	* PT. BTMU-BRI Finance	Consumer finance and leasing
	* BTMU Participation (Thailand) Co., Ltd.	Investment
	**Vietnam Joint Stock Commercial Bank for Industry and Trade	Banking
	**Dah Sing Financial Holdings Limited	Bank holding company
	**Bangkok BTMU Limited	Finance
	**BTMU Holding (Thailand) Co., Ltd.	Investment
Bank of Ayudhya	* Bank of Ayudhya Public Company Limited	Banking
Global Markets Unit		
Other units	**The Chukyo Bank, Limited	Banking
Mitsubishi UFJ Trust and Banking Corporation		Trust banking
Mitsubishi UFJ Securities Holdings Co., Ltd.		Securities business holding company
Mitsubishi UFJ NICOS Co., Ltd.		Credit cards
Mitsubishi UFJ Lease & Finance Company Limited		Leasing

4. Information on Subsidiaries and Affiliates

(Parent company)

Company name	Address	Ratio of voting rights holding (held) (%)
Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	100.0

(Consolidated subsidiaries)

Company name	Address	Ratio of voting rights holding (held) (%)
kabu.com Securities Co., Ltd.	Chiyoda-ku, Tokyo	44.3
MU Frontier Servicer Co., Ltd.	Nakano-ku, Tokyo	96.4
TOKYO CREDIT SERVICES, LIMITED	Chiyoda-ku, Tokyo	47.5 (21.5)
Japan Electronic Monetary Claim Organization	Chiyoda-ku, Tokyo	100.0
The Mitsubishi UFJ Factors Limited	Chiyoda-ku, Tokyo	100.0
Mitsubishi UFJ Research and Consulting Co., Ltd.	Minato-ku, Tokyo	44.9 (9.5)
Mitsubishi UFJ Financial Partners Co., Ltd.	Minato-ku, Tokyo	100.0
MU Business Engineering, Ltd.	Chuo-ku, Tokyo	100.0
UnionBanCal Corporation	San Francisco, California, the United States	100.0
MUFG Americas Capital Company	New York, New York, the United States	100.0
BTMU LF Capital LLC	New York, New York, the United States	100.0
BTMU Capital Corporation	Boston, Massachusetts, the United States	100.0
BTMU Securities, Inc.	New York, New York, the United States	100.0
BTMU Capital Leasing & Finance, Inc.	Boston, Massachusetts, the United States	100.0
BTMU Leasing & Finance, Inc.	New York, New York, the United States	100.0
Bank of Tokyo-Mitsubishi UFJ (Canada)	Toronto, Ontario, Canada	100.0
Banco de Tokyo-Mitsubishi UFJ Brasil S/A	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.6
Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A.	Mexico City, United Mexican States	100.0 (20.0)
ZAO Bank of Tokyo-Mitsubishi UFJ (Eurasia)	Moscow, the Russian Federation	100.0
Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.	Amsterdam, Kingdom of the Netherlands	100.0

Company name	Address	Ratio of voting rights holding (held) (%)
Bank of Tokyo-Mitsubishi UFJ (Polska) Spolka Akcyjna	Warsaw, Republic of Poland	100.0 (100.0)
BTMU Lease (Deutschland) GmbH	Dusseldorf, Federal Republic of Germany	95.0
Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi	Istanbul, Republic of Turkey	99.9
Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	72.0
Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	Shanghai, People's Republic of China	100.0
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	Kuala Lumpur, Malaysia	100.0
PT U Finance Indonesia	Jakarta, Republic of Indonesia	65.0
PT. BTMU-BRI Finance	Jakarta, Republic of Indonesia	55.0
BTMU Participation (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	12.2 (2.2) [57.3]
BTMU Preferred Capital 1 Limited	Grand Cayman, The Cayman Islands	100.0
BTMU Preferred Capital 9 Limited	Grand Cayman, The Cayman Islands	100.0
129 Other companies		

(Equity-method affiliates)

Company name	Address	Ratio of voting rights holding (held) (%)
JACCS CO., LTD.	Hakodate City, Hokkaido	20.3 (0.0)
Jibun Bank Corporation	Shinjuku-ku, Tokyo	50.0
Mitsubishi UFJ Personal Financial Advisers Co., Ltd.	Chuo-ku, Tokyo	34.5
JALCARD, INC.	Shinagawa-ku, Tokyo	49.3
MU Credit Guarantee Co., LTD.	Shinjuku-ku, Tokyo	49.9
BOT Lease Co., LTD.	Chuo-ku, Tokyo	17.5 (12.5)
Defined Contribution Plan Consulting of Japan Co., Ltd.	Chiyoda-ku, Tokyo	38.7
Mitsubishi UFJ Capital Co., Ltd.	Chuo-ku, Tokyo	27.8 (5.2)
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	25.0
The Chukyo Bank, Limited	Naka-ku, Nagoya City	39.7 (0.0)

Company name	Address	Ratio of voting rights holding (held) (%)
THE TAISHO BANK, LTD.	Chuo-ku, Osaka City	22.4 (3.0)
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.7 [37.6]
Vietnam Joint Stock Commercial Bank for Industry and Trade	Hanoi, the Socialist Republic of Vietnam	19.7
Dah Sing Financial Holdings Limited	Hong Kong, People's Republic of China	15.1
Bangkok BTMU Limited	Bangkok, Kingdom of Thailand	20.0 (10.0)
BTMU Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	11.1 [29.8]
43 Other companies		

(Notes)
1. Of the above affiliates, Bank of Ayudhya Public Company Limited, BTMU Preferred Capital 1 Limited and BTMU Preferred Capital 9 Limited are classified as Specified Subsidiaries.
2. Of the above affiliates, Mitsubishi UFJ Financial Group, Inc., kabu.com Securities Co., Ltd., JACCS CO., LTD., The Chukyo Bank, Limited and THE TAISHO BANK, LTD. submit annual securities reports or securities registration statements.
3. Of the above affiliates, the ordinary income of UnionBanCal Corporation (excluding internal transactions between consolidated companies) represents more than 10% of the ordinary income in the consolidated financial statements.
   The ordinary income, ordinary profit, net income, total equity and total assets of UnionBanCal Corporation are ¥410,553 million, ¥71,976 million, ¥57,545 million, ¥1,266,555 million and ¥11,736,356 million, respectively.
   As for key information concerning the profit or loss of UnionBanCal Corporation, its consolidated figures including those of its subsidiaries rather than non-consolidated figures are presented.
4. ( ) in the "Ratio of voting rights holding (held)" column refers to indirect ownership via subsidiaries, while [ ] indicates the ratio of ownership by "persons who are found to exercise their voting rights in the same manner as the Company due to having a close relationship with the Company in terms of contribution, personnel affairs, funds, technology, transactions or other matters" or "persons who agree to exercise their voting rights in the same manner as the Company."

5. Employees

(1) Number of employees in consolidated companies

As of March 31, 2014

Segment	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	Bank of Ayudhya	Global Markets Unit	Other units	Total
Number of employees	15,158 [9,000]	9,607 [2,400]	23,554 [1,400]	18,659 [200]	1,338 [100]	9,789 [8,000]	78,105 [21,000]

(Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,909 contract employees and 23,200 temporary employees.
2. Numbers within brackets indicate average number of temporary employees over the current fiscal year.
3. Number of temporary employees includes contractors and is rounded to the nearest hundred for the end of the current fiscal year as well as for an average over the year.
4. Number of contractors counted as temporary employees was 5,700 at the end of the current fiscal year while 6,700 on average over the year (both numbers are rounded to the nearest hundred).
5. The number of employees increased by 19,048 compared to the end of the previous fiscal year mainly because 17 Group companies, including Bank of Ayudhya Public Company Limited, were newly included as the Bank's subsidiaries.

(2) Employees of the Bank

As of March 31, 2014

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of yen)
37,527 [12,603]	38.2	14.9	7,986

Segment	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	Bank of Ayudhya	Global Markets Unit	Other units	Total
Number of employees	14,041 [8,266]	8,551 [2,049]	7,886 [440]	0 [0]	1,338 [58]	5,711 [1,790]	37,527 [12,603]

(Notes)
1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, while it includes locally hired overseas staff members, but excludes 1,874 contract employees and 12,675 temporary employees.
2. Number within brackets indicates average number of temporary employees for the current fiscal year.
3. Number of temporary employees includes contractors. Number of contractors was 3,090 at the end of the current fiscal year and 2,962 on average over the year.
4. Number of employees excludes 77 Executive Officers (13 of whom serving as Directors concurrently).
5. Average age, average years of service and average annual salary reflect neither locally hired overseas staff members nor employees loaned to the Bank.
6. Average annual salary includes bonus and extra wages.
7. Employees union of the Bank is called The Bank of Tokyo-Mitsubishi UFJ Union with the membership of 29,867. No significant issues exist between the union and the management.
   In March 2014, some of the contract employees on fixed-term contract joined The Bank of Tokyo-Mitsubishi UFJ Union.

II. Business Overview

1. Summary of Results

With regard to financial and economic conditions during the current consolidated fiscal year, a recovery trend was seen mainly among developed countries. In the United States, domestic demand was firm against the backdrop of progress in structural adjustment including the normalization of the housing market. While Europe continued to face various structural problems, the real economic growth rate turned positive on a quarterly basis, reflecting factors such as recovery in external demand. In Asia, although the pace of growth was slower than it had been overall, firm growth continued mainly in the ASEAN countries. Under these circumstances, the Japanese economy has continued on a recovery track since the launch of the Abe administration at the end of 2012. A positive economic cycle was set in motion as enhanced monetary easing and large-scale economic measures brought about improvement in household and business confidence and in corporate performance, while an increase in income led to further spending and expanded production. Moreover, in the latter half of fiscal 2013, last-minute demand prior to the consumption tax hike was seen in housing investment and consumer spending.

On the financial front, the United States started tapering its quantitative easing policy in January 2014, while maintaining key interest rates at historically low levels. The euro zone implemented further cuts in its key interest rate in May and November 2013, and it was announced in July that key interest rates were expected to remain at low levels for the long term. Meanwhile, certain emerging markets raised interest rates as a measure to deal with upward pressure on consumer prices. In Japan, the Bank of Japan introduced a policy of “quantitative and qualitative monetary easing” in April 2013, with the aim of achieving a “consumer price stability goal” of a positive 2% year-on-year rate of change in the consumer price index within a period of two years or so. In light of the aforementioned, short-term market interest rates fell, while long-term market interest rates underwent large fluctuations at one point before settling at a low level. In the foreign exchange markets, the yen continued to weaken backed by the Bank of Japan’s monetary easing and other factors, and in the stock market, stock prices were strong as a result of the economic recovery and improved corporate performance.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter referred to as the “Bank”) continued its efforts to achieve its vision of becoming “a reliable financial group of choice on a global scale.” In order to realize this goal and respond to the expectations and trust of its customers and other concerned parties, the Bank achieved the results set out below in collaboration with Mitsubishi UFJ Financial Group, Inc. (hereinafter referred to as “MUFG”) and MUFG Group companies.

The Retail Banking Business Unit, while experiencing a decline in profit on deposits, was helped by strong results from its consumer finance business and the sales of fund management products. In addition, the Corporate Banking Business Unit saw favorable results in its lending services and investment banking business, and performance was strong for Americas in the Global Business Unit. Although the Global Markets Unit experienced sluggish growth in trading business, the unit flexibly adjusted its positions reflecting the change of the external environment.

In addition, the Bank set out the “Principles of Ethics and Conduct” as the guidelines on decisions and actions for officers and employees to carry out in order to fulfill the management vision of the MUFG Group, under which each and every employee is instilled with the concept of “Customer Focus,” “Responsibility as a Corporate Citizen” and “Ethical and Dynamic Workplace” in order to contribute to customers and the society. Furthermore, the Bank intends to gain greater customer satisfaction by swiftly responding to the opinions and requests of customers collected through call centers or “customer voice cards” put in the lobby of each business office or elsewhere.

Separately, in an effort to implement corporate social responsibility (CSR)-focused management in the financial sector, its main business, the Bank has been working on initiatives such as providing products and services to assist customers in dealing with environmental issues and actively involving itself in various social welfare programs.

The Bank is committed to enhancing and reinforcing the management, internal control and compliance, and is also aiming to earn customers’ complete confidence.

Under the above business circumstances, results for the current consolidated fiscal year are as follows.

Assets as of the end of the current fiscal year increased by ¥19,989.1 billion to ¥201,614.6 billion. Major components were loans and bills discounted of ¥91,027.7 billion and securities of ¥57,422.3 billion. Liabilities as of the end of the current fiscal year increased by ¥18,906.5 billion to ¥189,873.2 billion. Major components were deposits and negotiable certificates of deposit of ¥143,497.9 billion.

As for profits and losses, ordinary income increased by ¥180.1 billion compared to the previous fiscal year to ¥3,599.4 billion and ordinary expenses increased by ¥33.5 billion compared to the previous fiscal year to ¥2,381.8 billion. As a result, the Bank posted ordinary profit of ¥1,217.5 billion, with an increase of ¥146.6 billion from the previous fiscal year and net income of ¥754.3 billion, with an increase of ¥80.8 billion from the previous fiscal year.

Results by reportable segment are as follows.

1. Retail Banking Business Unit

   Net operating income was ¥137.6 billion, with a decrease of ¥2.0 billion from the previous fiscal year.

2. Corporate Banking Business Unit

   Net operating income was ¥365.6 billion, with an increase of ¥35.3 billion from the previous fiscal year.

3. Global Business Unit

   Net operating income was ¥372.5 billion, with an increase of ¥72.4 billion from the previous fiscal year.

4. Global Markets Unit

   Net operating income was ¥295.5 billion, with a decrease of ¥233.7 billion from the previous fiscal year.

5. Other units

   Net operating income was ¥(136.8) billion, with a decrease of ¥2.5 billion from the previous fiscal year.

With regard to cash flows, operating activities used net cash of ¥5,283.8 billion, with a ¥3,674.8 billion increase in expenses from the previous fiscal year. Investing activities generated net cash of ¥6,257.7 billion, with a ¥3,133.8 billion increase in cash inflows from the previous fiscal year. Financing activities used net cash of ¥918.0 billion, with a ¥74.3 billion decrease in expenses from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥3,998.5 billion, with a ¥305.8 billion increase from the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on uniform international standards as of March 31, 2014 was 15.57%.

(1) Income and expenses for domestic and overseas operations

Details of income and expenses for domestic and overseas operations are as follows:

The total amount of net interest income, net fees and commissions, net trading income and net other operating income for the current fiscal year was ¥2,537.4 billion, with a ¥24.0 billion decrease from the previous fiscal year. Of this, domestic operations posted an income of ¥1,637.9 billion, with a decrease of ¥163.3 billion from the previous fiscal year, and overseas operations posted an income of ¥987.0 billion, with an increase of ¥140.9 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Net interest income	Previous fiscal year	957,911	554,440	(8,589)	1,503,763
	Current fiscal year	913,211	666,523	(14,881)	1,564,852
Of which, interest income	Previous fiscal year	1,146,565	855,179	(95,145)	1,906,599
	Current fiscal year	1,053,261	1,009,965	(101,224)	1,962,002
Of which, interest expenses	Previous fiscal year	188,653	300,738	(86,556)	402,836
	Current fiscal year	140,049	343,442	(86,342)	397,149
Net fees and commissions	Previous fiscal year	437,653	195,093	(71,697)	561,049
	Current fiscal year	464,103	203,608	(68,943)	598,768
Of which, fees and commissions income	Previous fiscal year	574,351	205,465	(92,810)	687,006
	Current fiscal year	608,076	219,029	(94,587)	732,518
Of which, fees and commissions expenses	Previous fiscal year	136,698	10,371	(21,113)	125,956
	Current fiscal year	143,973	15,420	(25,644)	133,750
Net trading income	Previous fiscal year	104,135	40,637	(2,017)	142,756
	Current fiscal year	91,551	33,718	(880)	124,390
Of which, trading income	Previous fiscal year	104,135	40,662	(2,041)	142,756
	Current fiscal year	92,873	33,935	(2,418)	124,390
Of which, trading expenses	Previous fiscal year	–	24	(24)	–
	Current fiscal year	1,321	216	(1,538)	–
Net other operating income	Previous fiscal year	301,602	55,916	(3,570)	353,948
	Current fiscal year	169,084	83,200	(2,841)	249,443
Of which, other operating income	Previous fiscal year	428,797	142,227	(56,358)	514,666
	Current fiscal year	313,920	157,137	(57,715)	413,342
Of which, other operating expenses	Previous fiscal year	127,195	86,311	(52,788)	160,717
	Current fiscal year	144,836	73,936	(54,873)	163,899

(Notes)
1. "Domestic" includes offices of the Bank (excluding its overseas offices) and consolidated subsidiaries whose principal offices are located in Japan (hereinafter referred to as "domestic consolidated subsidiaries"). "Overseas" includes the Bank's overseas offices and consolidated subsidiaries whose principal offices are located abroad (hereinafter referred to as "overseas consolidated subsidiaries").
2. Interest expenses are stated excluding expenses related to money held in trust.
3. "Amount of elimination" is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(2) Interest-earning assets and interest-bearing liabilities for domestic and overseas offices

1) Domestic

Status of interest-earning assets and interest-bearing liabilities in domestic offices are shown below:

The average balance of interest-earning assets in the current fiscal year increased by ¥5,367.5 billion compared to the previous fiscal year to ¥127,462.5 billion. Yield on interest-earning assets declined by 0.11% to 0.82% and total interest income stood at ¥1,053.2 billion, with a decrease of ¥93.3 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥5,505.9 billion compared to the previous fiscal year to ¥122,435.9 billion. Yield on interest-bearing liabilities declined by 0.04% to 0.11% and total interest expenses stood at ¥140.0 billion, with a decrease of ¥48.6 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	122,095,050	1,146,565	0.93
	Current fiscal year	127,462,569	1,053,261	0.82
Of which, loans and bills discounted	Previous fiscal year	55,375,934	679,582	1.22
	Current fiscal year	57,876,083	635,620	1.09
Of which, securities	Previous fiscal year	59,118,490	405,187	0.68
	Current fiscal year	56,117,133	355,476	0.63
Of which, call loans and bills bought	Previous fiscal year	73,624	128	0.17
	Current fiscal year	78,819	160	0.20
Of which, receivables under resale agreements	Previous fiscal year	25,327	21	0.08
	Current fiscal year	29,857	17	0.05
Of which, receivables under securities borrowing transactions	Previous fiscal year	1,096,130	2,398	0.21
	Current fiscal year	624,696	2,680	0.42
Of which, due from banks	Previous fiscal year	2,731,737	3,592	0.13
	Current fiscal year	9,044,132	8,707	0.09
Interest-bearing liabilities	Previous fiscal year	116,929,986	188,653	0.16
	Current fiscal year	122,435,942	140,049	0.11
Of which, deposits	Previous fiscal year	96,388,403	55,385	0.05
	Current fiscal year	99,663,658	46,660	0.04
Of which, negotiable certificates of deposit	Previous fiscal year	3,170,151	3,902	0.12
	Current fiscal year	2,680,416	2,709	0.10
Of which, call money and bills sold	Previous fiscal year	2,928,623	3,348	0.11
	Current fiscal year	2,986,248	3,148	0.10
Of which, payables under repurchase agreements	Previous fiscal year	7,155,451	19,446	0.27
	Current fiscal year	11,038,372	19,281	0.17
Of which, payables under securities lending transactions	Previous fiscal year	987,674	1,975	0.20
	Current fiscal year	345,586	1,462	0.42
Of which, commercial paper	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, borrowed money	Previous fiscal year	6,809,764	87,171	1.28
	Current fiscal year	8,886,284	86,879	0.97

(Notes)
1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain subsidiaries were calculated based on an average of month-end balances.
2. "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries.
3. The amount of interest-earning assets is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and corresponding interest payments.

2) Overseas

Status of interest-earning assets and interest-bearing liabilities in overseas offices are shown below:

The average balance of interest-earning assets in the current fiscal year increased by ¥9,590.5 billion compared to the previous fiscal year to ¥47,599.9 billion. Yield on interest-earning assets declined by 0.12% to 2.12% and total interest income stood at ¥1,009.9 billion, with an increase of ¥154.7 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥11,424.1 billion compared to the previous fiscal year to ¥45,816.7 billion. Yield on interest-bearing liabilities decreased by 0.12% to 0.74% and total interest expenses stood at ¥343.4 billion, with an increase of ¥42.7 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	38,009,426	855,179	2.24
	Current fiscal year	47,599,935	1,009,965	2.12
Of which, loans and bills discounted	Previous fiscal year	25,719,995	659,198	2.56
	Current fiscal year	31,136,180	763,818	2.45
Of which, securities	Previous fiscal year	4,874,319	102,190	2.09
	Current fiscal year	5,779,745	124,669	2.15
Of which, call loans and bills bought	Previous fiscal year	333,520	7,360	2.20
	Current fiscal year	449,089	10,008	2.22
Of which, receivables under resale agreements	Previous fiscal year	900,581	29,030	3.22
	Current fiscal year	1,025,965	35,629	3.47
Of which, receivables under securities borrowing transactions	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, due from banks	Previous fiscal year	4,618,124	26,920	0.58
	Current fiscal year	7,029,137	39,530	0.56
Interest-bearing liabilities	Previous fiscal year	34,392,617	300,738	0.87
	Current fiscal year	45,816,737	343,442	0.74
Of which, deposits	Previous fiscal year	17,897,700	103,677	0.57
	Current fiscal year	25,476,128	131,480	0.51
Of which, negotiable certificates of deposit	Previous fiscal year	7,396,527	36,622	0.49
	Current fiscal year	7,756,503	27,388	0.35
Of which, call money and bills sold	Previous fiscal year	256,639	2,390	0.93
	Current fiscal year	324,114	2,357	0.72
Of which, payables under repurchase agreements	Previous fiscal year	488,216	3,345	0.68
	Current fiscal year	551,035	3,522	0.63
Of which, payables under securities lending transactions	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, commercial paper	Previous fiscal year	640,597	1,837	0.28
	Current fiscal year	1,066,138	2,040	0.19
Of which, borrowed money	Previous fiscal year	1,408,175	20,564	1.46
	Current fiscal year	1,313,575	23,065	1.75

(Notes)
1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain subsidiaries were calculated based on an average of month-end balances.
2. “Overseas” includes overseas offices of the Bank and overseas consolidated subsidiaries.
3. The amount of interest-earning assets is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and corresponding interest payments.

3) Total

(Millions of yen)

Item	Fiscal year	Average balance			Interest			Yield (%)
		Subtotal	Amount of elimination	Total	Subtotal	Amount of elimination	Total	
Interest-earning assets	Previous fiscal year	160,104,477	(5,644,814)	154,459,662	2,001,744	(95,145)	1,906,599	1.23
	Current fiscal year	175,062,505	(6,047,910)	169,014,594	2,063,226	(101,224)	1,962,002	1.16
Of which, loans and bills discounted	Previous fiscal year	81,095,929	(2,387,888)	78,708,041	1,338,780	(75,514)	1,263,266	1.60
	Current fiscal year	89,012,263	(2,408,143)	86,604,119	1,399,439	(73,678)	1,325,761	1.53
Of which, securities	Previous fiscal year	63,992,810	(1,823,638)	62,169,171	507,378	(13,451)	493,926	0.79
	Current fiscal year	61,896,878	(2,076,023)	59,820,855	480,145	(18,424)	461,720	0.77
Of which, call loans and bills bought	Previous fiscal year	407,145	(65,074)	342,070	7,488	(109)	7,379	2.15
	Current fiscal year	527,909	(30,158)	497,750	10,169	(81)	10,087	2.02
Of which, receivables under resale agreements	Previous fiscal year	925,909	–	925,909	29,052	–	29,052	3.13
	Current fiscal year	1,055,823	–	1,055,823	35,647	–	35,647	3.37
Of which, receivables under securities borrowing transactions	Previous fiscal year	1,096,130	–	1,096,130	2,398	–	2,398	0.21
	Current fiscal year	624,696	–	624,696	2,680	–	2,680	0.42
Of which, due from banks	Previous fiscal year	7,349,861	(1,305,756)	6,044,105	30,513	(3,614)	26,899	0.44
	Current fiscal year	16,073,270	(1,473,292)	14,599,977	48,238	(5,813)	42,424	0.29
Interest-bearing liabilities	Previous fiscal year	151,322,603	(3,947,125)	147,375,477	489,392	(86,556)	402,836	0.27
	Current fiscal year	168,252,680	(4,120,541)	164,132,138	483,492	(86,342)	397,149	0.24
Of which, deposits	Previous fiscal year	114,286,104	(925,154)	113,360,949	159,063	(2,544)	156,518	0.13
	Current fiscal year	125,139,786	(1,044,506)	124,095,279	178,141	(3,772)	174,368	0.14
Of which, negotiable certificates of deposit	Previous fiscal year	10,566,679	(278,653)	10,288,025	40,525	(160)	40,365	0.39
	Current fiscal year	10,436,920	(136,120)	10,300,799	30,098	(35)	30,062	0.29
Of which, call money and bills sold	Previous fiscal year	3,185,263	(78,321)	3,106,941	5,739	(127)	5,611	0.18
	Current fiscal year	3,310,362	(123,075)	3,187,286	5,505	(317)	5,188	0.16
Of which, payables under repurchase agreements	Previous fiscal year	7,643,667	–	7,643,667	22,792	–	22,792	0.29
	Current fiscal year	11,589,407	–	11,589,407	22,804	–	22,804	0.19
Of which, payables under securities lending transactions	Previous fiscal year	987,674	–	987,674	1,975	–	1,975	0.20
	Current fiscal year	345,586	–	345,586	1,462	–	1,462	0.42
Of which, commercial paper	Previous fiscal year	640,597	–	640,597	1,837	–	1,837	0.28
	Current fiscal year	1,066,138	–	1,066,138	2,040	–	2,040	0.19
Of which, borrowed money	Previous fiscal year	8,217,940	(2,528,309)	5,689,630	107,735	(76,834)	30,901	0.54
	Current fiscal year	10,199,860	(2,655,016)	7,544,843	109,944	(74,399)	35,544	0.47

(Note) “Amount of elimination” is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(3) Fees and commissions by domestic and overseas office

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current fiscal year was ¥608.0 billion, with an increase of ¥33.7 billion from the previous fiscal year. Fees and commissions expenses were ¥143.9 billion, with an increase of ¥7.2 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥464.1 billion, with an increase of ¥26.4 billion from the previous fiscal year. Fees and commissions income of overseas offices during the current fiscal year was ¥219.0 billion, with an increase of ¥13.5 billion from the previous fiscal year, while fees and commissions expenses were ¥15.4 billion, with an increase of ¥5.0 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥203.6 billion, with an increase of ¥8.5 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥598.7 billion, with an increase of ¥37.7 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Fees and commissions income	Previous fiscal year	574,351	205,465	(92,810)	687,006
	Current fiscal year	608,076	219,029	(94,587)	732,518
Of which, domestic and foreign exchange services	Previous fiscal year	148,052	9,005	(325)	156,731
	Current fiscal year	150,707	9,974	(333)	160,349
Of which, other commercial banking services	Previous fiscal year	228,830	172,017	(2,523)	398,324
	Current fiscal year	253,538	200,068	(2,642)	450,964
Of which, guarantee services	Previous fiscal year	60,250	15,284	(18,281)	57,254
	Current fiscal year	56,558	16,679	(18,228)	55,008
Of which, securities-related services	Previous fiscal year	36,342	1,311	(54)	37,599
	Current fiscal year	49,731	1,352	(64)	51,019
Fees and commissions expenses	Previous fiscal year	136,698	10,371	(21,113)	125,956
	Current fiscal year	143,973	15,420	(25,644)	133,750
Of which, domestic and foreign exchange services	Previous fiscal year	29,498	531	(307)	29,722
	Current fiscal year	33,580	591	(343)	33,828

(Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.

2. “Other commercial banking services” includes deposit-taking and lending services, agency services, custody and safe deposit services, trust-related services and others.

3. “Amount of elimination” is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(4) Trading results by domestic and overseas office

Details of trading income and expenses

Net trading incomes of domestic and overseas offices are as follows:

Trading income of domestic offices for the current fiscal year was ¥92.8 billion, with a decrease of ¥11.2 billion from the previous fiscal year. Trading expenses of domestic offices for the current fiscal year was ¥1.3 billion, showing an increase of ¥1.3 billion from the previous fiscal year, resulting in a net trading income of ¥91.5 billion, accompanied by a decrease of ¥12.5 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥33.9 billion, with a decrease of ¥6.7 billion from the previous fiscal year. Trading expenses of overseas offices was ¥0.2 billion, an increase of ¥0.1 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥33.7 billion, with a decrease of ¥6.9 billion from the previous fiscal year.

Consequently, total net trading income posted by both domestic and overseas offices for the current fiscal year stood at ¥124.3 billion, with a decrease of ¥18.3 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Trading income	Previous fiscal year	104,135	40,662	(2,041)	142,756
	Current fiscal year	92,873	33,935	(2,418)	124,390
Of which, income from trading securities	Previous fiscal year	10,999	2,988	–	13,988
	Current fiscal year	15	3,074	(1,442)	1,647
Of which, income from securities related to trading transactions	Previous fiscal year	2,653	800	(24)	3,429
	Current fiscal year	1,102	(760)	(79)	261
Of which, income from trading-related financial derivatives	Previous fiscal year	86,351	36,857	(2,017)	121,191
	Current fiscal year	89,130	31,621	(880)	119,871
Of which, income from other trading transactions	Previous fiscal year	4,131	16	–	4,147
	Current fiscal year	2,624	–	(15)	2,609
Trading expenses	Previous fiscal year	–	24	(24)	–
	Current fiscal year	1,321	216	(1,538)	–
Of which, expenses on trading securities	Previous fiscal year	–	–	–	–
	Current fiscal year	1,321	121	(1,442)	–
Of which, expenses on securities related to trading transactions	Previous fiscal year	–	24	(24)	–
	Current fiscal year	–	79	(79)	–
Of which, expenses on trading-related financial derivatives	Previous fiscal year	–	–	–	–
	Current fiscal year	–	–	–	–
Of which, expenses on other trading transactions	Previous fiscal year	–	–	–	–
	Current fiscal year	–	15	(15)	–

(Notes) 1. "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. "Overseas" includes the Bank's overseas offices and overseas consolidated subsidiaries.

2. "Amount of elimination" is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(5) Balance of deposits by domestic and overseas office

・Deposits by classification (ending balance)

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Total deposits	Previous fiscal year	100,481,717	20,686,132	(1,013,860)	120,153,990
	Current fiscal year	103,697,866	30,127,916	(1,093,931)	132,731,852
Of which, liquid deposits	Previous fiscal year	64,930,836	9,440,361	(203,425)	74,167,773
	Current fiscal year	68,412,846	13,976,555	(608,174)	81,781,227
Of which, fixed-term deposits	Previous fiscal year	30,566,641	11,038,618	(507,018)	41,098,241
	Current fiscal year	29,867,559	15,991,413	(421,053)	45,437,919
Of which, other deposits	Previous fiscal year	4,984,239	207,152	(303,416)	4,887,975
	Current fiscal year	5,417,461	159,947	(64,703)	5,512,705
Negotiable certificates of deposit	Previous fiscal year	2,946,246	7,045,339	(260,000)	9,731,585
	Current fiscal year	2,673,035	8,093,028	–	10,766,064
Total	Previous fiscal year	103,427,964	27,731,471	(1,273,860)	129,885,575
	Current fiscal year	106,370,902	38,220,945	(1,093,931)	143,497,916

(Notes)
1. "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. "Overseas" includes the Bank's overseas offices and overseas consolidated subsidiaries.
2. "Amount of elimination" is the total amount of elimination associated with internal transactions, etc. between consolidated companies.
3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
4. Fixed-term deposits = Time deposits + Installment savings

(6) Balance of loans and bills discounted at domestic and overseas offices

・Loans by type of industry (outstanding balances, composition ratios)

Industry	Previous fiscal year		Current fiscal year	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	56,528,933	100.00	58,611,310	100.00
Manufacturing	7,440,329	13.16	7,489,447	12.78
Construction	794,077	1.40	730,078	1.24
Wholesale and retail	5,576,569	9.87	5,666,447	9.67
Finance and insurance	5,578,422	9.87	6,052,461	10.33
Real estate, goods rental and leasing	8,220,708	14.54	8,039,876	13.72
Services	2,519,851	4.46	2,499,908	4.26
Other industries	26,398,974	46.70	28,133,090	48.00
Overseas and Japan offshore market account	24,418,302	100.00	32,416,440	100.00
Governments and public organizations	577,533	2.36	681,744	2.10
Financial institutions	4,929,573	20.19	6,237,922	19.24
Others	18,911,195	77.45	25,496,772	78.66
Total	80,947,236	–	91,027,750	–

(Note) “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.

(Reference)

For reference, part of the Bank's non-consolidated financial data is set out below.

1. Results of Operations (non-consolidated)

(1) Summary of Operations (non-consolidated)

(Millions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Increase (decrease) (B) - (A)
Gross operating income	2,052,729	1,951,599	(101,130)
Expenses (excluding non-recurring expenses)	1,051,134	1,095,664	44,529
Personnel expenses	411,554	438,180	26,625
Non-personnel expenses	585,558	602,702	17,144
Taxes	54,021	54,781	759
Net business profit (loss) before provision for general allowance for credit losses and amortization of goodwill	1,001,841	856,198	(145,642)
Amortization of goodwill	246	263	17
Net business profit (loss) before provision for general allowance for credit losses	1,001,595	855,934	(145,660)
Provision for general allowance for credit losses	(9,463)	–	9,463
Net business profit (loss)	1,011,058	855,934	(155,123)
Of which, net gains (losses) on debt securities	294,656	132,534	(162,122)
Net non-recurring gains (losses)	(150,063)	146,174	296,237
Net gains (losses) on equity securities and other securities	(58,498)	78,988	137,486
Credit costs	89,013	61,617	(27,396)
Write-offs of loans	49,154	55,958	6,803
Provision for specific allowance for credit losses	36,117	–	(36,117)
Other credit costs	3,741	5,658	1,917
Reversal of allowance for credit losses	–	47,987	47,987
Reversal of reserve for contingent losses (credit related)	–	197	197
Gains on collection of bad debts	22,916	30,505	7,588
Other non-recurring gains (losses)	(25,467)	50,113	75,581
Ordinary profit	860,995	1,002,109	141,113
Net extraordinary gains (losses)	16,473	(17,319)	(33,793)
Of which, impairment loss of long-lived assets	(4,549)	(2,902)	1,646
Income before income taxes	877,468	984,789	107,320
Income taxes-current	109,342	248,085	138,742
Income taxes-deferred	183,013	86,446	(96,566)
Total taxes	292,356	334,531	42,175
Net income	585,112	650,257	65,145

(Notes)
1. Gross operating income = (net interest income + expenses related to money held in trust) + net fees and commissions income + net trading income + net other operating income.
2. "Expenses related to money held in trust" represents interest expenses on the acquisition of money held in trust. As gains (losses) on money held in trust are recorded as non-recurring gains (losses), these expenses related to money held in trust are excluded from interest expenses.
3. Net business profit (loss) = gross operating income - expenses (excluding non-recurring expenses) - provision for general allowance for credit losses.
4. Net non-recurring gains (losses) represent "Other ordinary income (expenses)" plus non-recurring portions of expenses related to money held in trust and retirement benefit costs, after deducting provision for general allowance for credit losses.
5. Net gains (losses) on debt securities = gains on sales of bonds - losses on sales of bonds - losses on write-down of bonds
6. Net gains (losses) on equity securities and other securities = gains on sales of equity securities and other securities - losses on sales of equity securities and other securities - losses on write-down of equity securities and other securities

(2) Details of general and administrative expenses (non-consolidated)

(Millions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Increase (decrease) (B) - (A)
Salaries and allowances	344,282	371,832	27,549
Retirement benefit costs	62,453	40,199	(22,253)
Welfare expenses	60,183	62,651	2,467
Depreciation and amortization	136,379	136,358	(21)
Rent on land, buildings and machinery	65,254	60,189	(5,065)
Building and repair expenses	6,392	7,387	994
Supplies expenses	10,370	9,658	(712)
Utility charges	7,868	8,726	858
Traveling expenses	8,411	9,653	1,242
Communication expenses	15,750	17,042	1,291
Advertising expenses	11,237	15,341	4,104
Taxes and dues	54,680	55,387	707
Others	317,818	329,523	11,704
Total general and administrative expenses	1,101,084	1,123,952	22,868

(Note) This is the detail of the general and administrative expenses in the statements of income.

2. Average Interest Rate Spread (Domestic Business Segment) (non-consolidated)

	Previous fiscal year (%) (A)	Current fiscal year (%) (B)	Increase (decrease) (B) - (A)
(1) Total average interest rate on interest-earning assets (i)	0.80	0.70	(0.09)
(a) Average interest rate on loans and bills discounted	1.25	1.11	(0.13)
(b) Average interest rate on securities	0.47	0.47	(0.00)
(2) Total average interest rate on interest-bearing liabilities (ii)	0.77	0.74	(0.03)
(a) Average interest rate on deposits and NCD	0.05	0.04	(0.01)
(b) Average interest rate on other liabilities	0.24	0.19	(0.04)
(3) Overall interest rate spread (i) - (ii)	0.02	(0.03)	(0.06)

(Notes) 1. “Domestic business segment” represents yen-denominated transactions at the Bank’s offices in Japan.
2. “Other liabilities” = call money + bills sold + borrowed money

3. ROE (non-consolidated)

	Previous fiscal year (%) (A)	Current fiscal year (%) (B)	Increase (decrease) (B) - (A)
On a net business profit (loss) basis (before provision for general allowance for credit losses and amortization of goodwill)	12.28	9.56	(2.71)
On a net business profit (loss) basis (before provision for general allowance for credit losses)	12.28	9.56	(2.71)
On a net business profit (loss) basis	12.39	9.56	(2.83)
On a net income basis	7.08	7.21	0.13

(Note)

$$\text{ROE} = \frac{\text{(Profits - total amount of dividends on preferred stocks)}}{\left\{\left(\text{Total equity at the beginning of the fiscal year} - \text{Number of preferred stocks outstanding at the beginning of the fiscal year} \times \text{Issue price}\right) + \left(\text{Total equity at the end of the fiscal year} - \text{Number of preferred stocks outstanding at the end of the fiscal year} \times \text{Issue price}\right)\right\} \div 2} \times 100$$

4. Status of Debt Guarantees (Acceptances and Guarantees) (non-consolidated)

・Breakdown of the balance of acceptances and guarantees (non-consolidated)

Item	Previous fiscal year		Current fiscal year	
	Number of accounts	Amount (Millions of yen)	Number of accounts	Amount (Millions of yen)
Bill acceptances	1,159	59,777	1,035	43,411
Letters of credit	23,933	1,611,428	22,320	1,765,191
Guarantees	34,862	4,203,546	34,291	4,046,238
Total acceptances and guarantees	59,954	5,874,753	57,646	5,854,841

5. Domestic Exchange Transactions (non-consolidated)

Classification		Previous fiscal year		Current fiscal year	
		Number of accounts (Thousands)	Amount (Millions of yen)	Number of accounts (Thousands)	Amount (Millions of yen)
Exchange for remittance	Destined for various locations of the country	477,899	1,165,316,211	482,101	1,246,087,835
	Received from various locations of the country	461,225	1,188,343,303	466,303	1,266,772,485
Bill collections	Destined for various locations of the country	3,851	8,679,298	3,023	6,796,085
	Received from various locations of the country	4,534	10,475,318	3,714	10,678,274

6. Foreign Exchange Transactions (non-consolidated)

Classification		Previous fiscal year	Current fiscal year
		Amount (Millions of U.S. dollars)	Amount (Millions of U.S. dollars)
Outward exchanges	Foreign bills sold	2,731,889	3,436,980
	Foreign bills bought	631,529	1,276,955
Incoming exchanges	Foreign bills payable	4,162,516	4,229,832
	Foreign bills receivable	179,865	1,589,828
Total foreign exchange transactions		7,705,801	10,533,597

(Status of Risk-Adjusted Capital Ratio)

(Reference)

In accordance with the provisions of Article 14-2 of the Banking Law, the Bank calculates both consolidated and non-consolidated risk-adjusted capital ratios, based on the computation method defined by the Standards to Determine the Adequacy of its Capital Base in Light of the Assets Held by the Bank (Financial Services Agency Notification No. 19, 2006, hereinafter referred to as the "Notification").

Upon the adoption of uniform international standards, the Bank applies the Advanced Internal Ratings-Based Approach for the computation of the value of credit risk-weighted assets. For the computation of the equivalent amount of operational risks, the Bank employs the Advanced Measurement Approach, as well as implementing the Market Risk Regulation.

Consolidated risk-adjusted capital ratios (under uniform international standards)

(Billions of yen, %)

	As of March 31, 2014
1. Consolidated Total Capital Ratio (4/7)	15.57
2. Consolidated Tier 1 Capital Ratio (5/7)	12.21
3. Consolidated Common Equity Capital Ratio (6/7)	11.05
4. Consolidated Total Capital	12,256.1
5. Consolidated Tier 1 Capital	9,611.5
6. Consolidated Common Equity Capital	8,696.5
7. Risk-weighted Assets	78,678.0
8. Consolidated Total Capital Requirements	6,294.2

Non-consolidated risk-adjusted capital ratios (under uniform international standards)

(Billions of yen, %)

	As of March 31, 2014
1. Non-consolidated Total Capital Ratio (4/7)	17.52
2. Non-consolidated Tier 1 Capital Ratio (5/7)	13.74
3. Non-consolidated Common Equity Capital Ratio (6/7)	11.88
4. Non-consolidated Total Capital	11,582.1
5. Non-consolidated Tier 1 Capital	9,087.3
6. Non-consolidated Common Equity Capital	7,854.6
7. Risk-weighted Assets	66,090.9
8. Non-consolidated Total Capital Requirements	5,287.2

(Reference information)

In accordance with Article 6 of the Act on Emergency Measures for the Reconstruction of the Financial Functions (Act No. 132 of 1998), the Bank assesses assets stated on its balance sheets and classifies them as shown below, based on financial conditions and business performances, etc. of borrowers. These assets include corporate bonds (limited to the corporate bonds on which the payment of all or part of the principal and interest is guaranteed by financial institutions holding such bonds and which were issued through private placement as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)), loans and bills discounted, foreign exchange assets, other assets booked as accrued interests, suspense payments or customers' liabilities for acceptance and guarantee, and securities if the Bank lent such securities which are required to be disclosed in a note to its balance sheets (they are limited to loans for use or lending under rental contract).

1. Claims against bankrupt or de facto bankrupt borrowers

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

2. Doubtful claims

Doubtful claims are those against borrowers who have not yet failed but their financial conditions and business performances have deteriorated, with a high possibility that the principal and interest on these claims are not received as per agreement.

3. Claims in need of special attention

These claims include those for which payments of principal or interest are three months or more in arrears or for which terms and conditions have been relaxed.

4. Normal claims

Claims held against borrowers who are not experiencing particular problems in respect of their financial positions or management performances, hence classified as claims other than the preceding three categories.

2. Issues to be Addressed

The Bank regards fiscal 2014 as the year in which the Medium-term Business Plan that started in fiscal 2012 culminated, and to leap forward for further advancement under the next Medium-term Business Plan. The Bank will remain focused on the following priority tasks with the aim of achieving the goal of being “the world’s most trusted financial group,” through gaining the trust and meeting the expectations of its customers, both at home and abroad, while making contributions to Japan’s economic growth as a financial institution.

(Growth strategies)

The Bank, as the core bank of MUFG Group, will provide the highest quality services to date with precision and promptness by demonstrating the Group’s integrated strength by capitalizing on its operational network both at home and abroad, which is the most extensive among the Japanese banks. Additionally further collaboration with other group companies will be expanded upon, in order to satisfy the increasingly diversified and sophisticated financial needs of customers in the face of turbulent changes in the business environment. Specifically, for individual customers, we will provide services that meet the diversified needs of customers in the areas including asset management and borrowing that fit their individual life stages, taking advantages of capabilities of MUFG group companies including trust banking and securities business. For corporate customers, we will provide various CIB (Corporate & Investment Banking) products including syndicated loans, along with transaction-oriented banking and market-related services through presentation of proposals for solutions to their issues, focusing on the development stage of each customer from promising startups to established large corporations. Furthermore, we are also pursuing efforts to realize opportunities in Asia through collaboration with Bank of Ayudhya, which became a subsidiary in December 2013, and Vietnam Joint Stock Commercial Bank for Industry and Trade, and in the Americas through the business integration of the Americas operations with UnionBanCal Corporation.

(Strengthening of operation basis)

We will stay engaged in the effort to strengthen the basis of management.

The Bank will strive to achieve adequate control and management of its own funds including their effective utilization in order to meet the strengthening of global financial regulations not least capital adequacy regulations while reinforcing governance outside Japan to keep up the pace with the expansion of its overseas operations. In addition, the Bank will further refine its operational strategy from the perspective of improving productivity, risk-return, and cost effectiveness.

In terms of human resources as a source of competitive advantage, we will further focus on promoting professionalism and globalization. Meanwhile, enhancement of the internal controls, including compliance will be maintained in response to changes in the business environment and transformations in our business model.

(Pursuit of management based on CSR and strengthening of MUFG brand)

The Bank, as a member of MUFG Group, will be focused on corporate social responsibility (CSR) in its management, while endeavoring to enhance customer satisfaction (CS) by providing services unique to MUFG.

The Bank has established the two tasks of “Addressing Global Environmental Issues” and “Nurturing Society’s Next Generation,” as the priority areas of its CSR activities. Under the theme of “Addressing Global Environmental Issues,” we will seek to utilize the financial functions of the Bank and provide products and services that contribute to reducing the burden on the environment. Under the theme of “Nurturing Society’s Next Generation,” as a member of the local community and society, we will focus our social contribution activities on employee participation in local activities.

Meanwhile, we will stay fully committed to providing assistance to those in needs in the areas affected by the Great East Japan Earthquake. The Bank established “MUFG NFUAJ East Japan Earthquake Recovery and Scholarship Fund” in cooperation with National Federation of UNESCO Associations in JAPAN as part of the medium-to-long-term support for restoration from the earthquake. This fund is operated through schools, providing primarily scholarship programs for elementary school, middle school and high school students whose parents have passed away as a result of the Great East Japan Earthquake, along with various related activities including the restoration of flowerbeds in schools.

Through the above measures, the Bank will be striving to maintain and enhance the MUFG brand that can be empathized and supported by the wider general public.

3. Risks Related to Business

The following are the main risks associated with business activities and other activities of the Bank and its Group that are deemed to have potential significant impact on the judgment of investors. Items that do not necessarily involve such risks, but are deemed to be of importance to the investment decision by investors, are disclosed likewise for the purpose of active information disclosure to investors. Based on the awareness of these potential risks, the Bank is focused on the prevention of their materialization while preparing itself to deal with them in case they materialize.

Forward-looking statements contained in this section are, unless otherwise stated specifically, based on the judgment of the situation as of the date of submission of this annual securities report.

(1) Risks associated with shareholdings

The Bank is holding a sizable amount of shares including shares held for the purpose of strategic investments that are subject to market fluctuation. Decline in share prices in the future due to the global move to accelerate de-risking, other general economic trends, and deterioration in the financial performance of the issuers, could result in generation or escalation of impairment or valuation loss of the shares held by the Bank, with adverse impact on the Bank’s financial position and results of operations, along with potential decline in risk-adjusted capital ratio.

(2) Risks associated with lending business

1) Status of non-performing loans and credit costs

In the future, the Bank’s non-performing loans and credit costs may increase in the event of deteriorating economic conditions both at home and abroad, falling shares and real estate prices, increasing volatility in business performance of the Bank’s borrowers, as well as in the global economic environment, which may adversely impact the Bank’s financial position as well as results of operations, resulting in a reduction of its shareholders’ equity.

2) Status of allowance for credit losses

The Bank records allowance for credit losses based on the conditions of each borrower, value of the collateral pledged as well as the assumptions and estimation of the general economic trend. Actual loan losses could far exceed the allowance for credit losses, as the initial assumption and estimation could prove inadequate with some discrepancy from the actual status. Also the initial assumption and estimation might have to be amended due to deterioration of the general economic conditions, where the Bank may increase allowance for credit losses in response to falling collateral value or other unexpected developments.

3) Status of poorly performing companies

Some of the Bank’s borrowers are not performing adequately. These include companies under restructuring by legal arrangements, or by voluntary resolutions procedure including debt waiver via ADR (Alternative Dispute Resolution) for Business Restructuring.

The Bank’s non-performing loans situation has been adversely impacted by these developments. In case the restructuring effort proves unsuccessful due to general economic deterioration, intensifying competition in the concerned sector, cancellation or downscaling of support by other creditors, concerned companies can go bankrupt. If financial distress and other troubles at such ailing borrowers should prolong or get aggravated, or the Bank is forced to waive loans to such borrowers, the Bank’s credit costs could soar, further exacerbating the Bank’s non-performing loans problems.

4) Action toward borrowers

In the event of a borrower’s default, the Bank may not necessarily enforce all of the legal rights it has as creditor, in consideration of factors such as efficiency and effectiveness in debt collection.

Meanwhile, the Bank may waive its claim, or extend further support in the form of additional loans or investments to the troubled borrowers, if such actions are believed rational. Such support could result in a sizable increase in the outstanding balance of loans, as well as the credit costs, thus giving rise to risks of decline in its share price associated with such additional investments.

5) Difficulty in enforcing its rights

The Bank may find it practically impossible to cash out the encumbered real estate or securities, or to enforce execution on such assets held by the borrower, due to the circumstances such as lack of liquidity or falling prices in the real estate market, or decline in securities prices.

6) Other factors that could influence non-performing loans problems

i) Future increase in interest rates could result in falling value of the bond holdings including the Japanese government bonds, change in loan spread and increase in non-performing loans due to some borrowers becoming unable to service debts, which could adversely impact on the Bank's financial position and results of operations.

ii) Future large fluctuations in foreign exchange may cause deterioration in the financial performance of the Bank's borrowers due to the associated increases in costs coupled with decreases in sales, coupled with their financial burden triggered by valuation loss on foreign exchange derivatives (including currency options), and may also cause the increase in bad debt due to the borrowers' inability for settlement of the derivatives of this kind, all of which in turn should adversely affect the Bank's financial position and results of operations.

iii) Increase in non-performing loans mainly to the borrowers, that cannot sufficiently transfer to their sales prices the rise in costs of purchase and transport due to soaring raw materials costs including crude oil and steel, could adversely impact on the Bank's financial position and results of operations.

iv) Impairment of assets and other financial problems may remain unsolved at some of the Japanese financial institutions (including banks, non-banks, securities companies and insurance companies), which could further deteriorate in the future, or such new cases could emerge among them. If such financial difficulties at the Japanese financial institutions prolong, get worse or newly emerge, liquidity or solvency at such financial institutions may become questionable, which could have negative impact on the Bank's operation via the following potential development.

· A financial institution that developed such problem might cancel or reduce its commitment to its borrower which happens to be the Bank's borrower as well. As a result, such borrower could go bankrupt, and/or the Bank's non-performing loans in such borrower could increase.

· The Bank might be requested to participate in the collective support for failing financial institutions.

· The Bank holds shares in some of the Japanese financial institutions.

· The Bank might suffer competitive disadvantages, in case the government affords special treatments in regulatory, taxation, financing and other terms, for the purpose of reinforcing capital base or revenues of the financial institutions under governmental control.

· Deposit insurance premiums payable by the Bank could be increased, if the deposit insurance fund proved to be inadequate.

· In the event of bankruptcy of a financial institution, or the government taking over the controlling interest of a financial institution, depositors' confidence in financial institutions might be undermined or general management environment that surrounds financial institutions could be adversely impacted.

· Negative or skeptical media coverage against banking business (regardless of its authenticity or its relevance) could jeopardize the reputation of and confidence in the Bank.

(3) Risks associated with market activities

Engaging in a wide range of market activities dealing in various financial instruments including derivatives, the Bank holds substantial financial instruments. Accordingly, its financial position and results of operations are exposed to the risks associated with such activities and holdings, including interest rate risks both at home and abroad, foreign exchange risks, risks associated with market fluctuations including securities prices. For example, rising interest rates at home or abroad could adversely impact the value of the Bank's bonds portfolio. A rise in interest rates at home and abroad can be expected to occur in the event of a decline in the credibility of the Japanese government's fiscal management, further issuances of government bonds in line with emergency economic measures, the rise in interest rates of Japanese government bonds due to concerns over excessive government intervention by the Bank of Japan, and the rise in interest rates of U.S. government bonds in the wake of the early tapering of quantitative easing in the U.S. If interest rates at home and abroad rise for any reason including the aforementioned, losses on sale or valuation losses may be realized on the Bank's very large government bond portfolio, etc. In addition, yen appreciation could reduce the financial statement value of the Bank's foreign currency-denominated investments, resulting in realized losses or valuation losses.

The Bank defines market risk as the risk of losses associated with various market fluctuations including interest rates at home or abroad, exchange rates and securities prices, and classifies it into two subclasses, namely general market risk and specific risk. The former is defined as the risk of loss due to the general market volatility while the latter is defined as the risk of loss due to the volatility of specific financial instruments such as bonds and stocks irrespective of the general market trend. The Bank determines the size of such risk, by statistically estimating the maximum probable loss of the market value of its portfolio during a certain period to come, based on the past market fluctuations, where the aggregate of the value of general market risk and that of specific risk is defined as the value of market risk. However, effectiveness of measured value of the market risk has its own obvious limitation, and cannot always accurately represent the actual risk, where losses beyond such measured value could potentially materialize.

(4) Foreign exchange risks

The Bank's operation is affected by the fluctuation in exchange rates. When exchange rates fluctuate, yen equivalent of the assets and liabilities of the Bank's primary subsidiaries, UnionBanCal Corporation (hereinafter referred to collectively as "UNBC" including its banking subsidiary, Union Bank, N.A.) and Bank of Ayudhya will fluctuate as well. Furthermore, part of the Bank's assets and liabilities are foreign currency-denominated, where unless such assets happen to equal liabilities in each foreign currency, thus neutralizing the impact of fluctuations in exchange rates, or adequate currency hedging is arranged, the Bank's risk-adjusted capital ratio, financial position and results of operations may be adversely affected by the fluctuations in exchange rates.

(5) Risks of liquidity deterioration as a result of downgrading of the Bank's financial rating

In case the Bank's financial rating is downgraded by a rating agency, the Bank's activities including market activities may suffer. In the event of such downgrading, the Bank's market operation may be forced to accept disadvantageous trading terms, or may become unable to do certain transactions altogether, making it difficult for the Bank to raise capital or finance. In such event, profitability of the Bank's market and other activities may suffer, with knock-on effect on the Bank's financial position and results of operations.

(6) Risks of the Bank's business strategies not working

The Bank is implementing a range of business strategies on a global scale with the purpose to enhance profitability. However, some of those strategies may not work out or fail to produce the originally anticipated results, or even have to be amended, due to various factors that may emerge, which include:

· Loan portfolio for profitable clients may not be boosted as anticipated.
· Loan margin on the existing loans cannot be expanded as anticipated.
· Fee revenues cannot be increased as targeted by the Bank.
· Expansion of overseas operations cannot progress as anticipated.
· Implementation of the streamlining strategies cannot progress as anticipated.
· Consolidation and restructuring of businesses within the Group under way or scheduled to be under way may be delayed, causing loss of customers and/or business opportunities, or incurring higher than anticipated costs, or failing to produce the originally envisaged results in the implementation of streamlining strategies and/or system integration.
· An investee of the Bank may become reluctant to progress collaboration with the Bank, leading to the reduction in scale or cancellation of collaboration with the Bank as a result of the company's financial or operational difficulties, change in its business strategies or its decision that it no longer sees the Bank as an attractive partner. Deterioration in the Bank's financial position may also necessitate the reduction in scale or termination of collaboration with the investee.

(7) Risks associated with the expansion of the scope of activities

Insofar as permissible under the relevant laws and regulations and other restrictions, the Bank has been far expanding the scope of activities including those of subsidiaries and affiliates on a global scale. The further such expansion progresses, the more unfamiliar and complicated risks the Bank is exposed to. In some cases the Bank has limited or no experience at all in dealing with risks associated with the area of activities added by the expansion. Activities involving greater volatility mean potentially larger profit, which, however, comes with the risk of larger loss. Unless appropriate internal control system and risk management system are established, along with capital adequacy commensurate with the risks involved, the Bank's financial position and results of operations may be adversely affected. Besides, if the expansion of the scope of activities would not progress as anticipated, or if the profitability of the concerned activities would suffer as a result of severe competition, such expansion strategies of the Bank could prove unsuccessful at all.

(8) Risks associated with the exposure in the emerging markets

The Bank is operating in the emerging markets such as Asia, Latin America, Central and Eastern Europe, Middle East through the network of its branches and subsidiaries, thus is exposed to the various credit risks and market risks related to each local market. For example, further depreciation of the local currencies of these countries could adversely affect the credit status of the Bank's local borrowers. Loans provided to the borrowers in the emerging markets are often denominated in foreign currencies such as U.S. dollars or Euros. As those borrowers usually do not bother to hedge their business against the fluctuation of their local currencies, depreciation of local currencies could make it difficult for them to repay the debt to their international lenders including the Bank. Furthermore, authorities in these countries may raise interest rates in an effort to support the value of local currencies, where borrowers will be forced to allocate more management resources to repay their domestic debt, potentially at the cost of their capacity to repay international debt to lenders including the Bank. Such circumstance or an associated credit crunch could adversely affect the local economy, with repercussions on the credit status of local borrowers and banks, which could eventually lead to losses at the Bank.

Moreover, materialization of various other existing risks unique to, or shared by each territory or country, could result in corresponding financial loss or other adverse effect at the Bank.

(9) Risks associated with UNBC

The Bank's financial position and results of operations may be adversely affected by the deterioration in the business or management of UNBC, one of the Bank's primary subsidiaries. Factors that adversely affect UNBC's financial position and results of operations include deterioration of the economy, mainly in California as well as local real estate and housing market, tough competition in the banking sector in the U.S., especially in California, uncertainty in the U.S. economy, possible terrorists attack, volatility in the prices of resources including petroleum, increase in interest rate, restrictions imposed by the U.S. financial system, loss associated with litigations, downgrading of financial rating or decline in share price of UNBC's borrowers and resultant potential bankruptcies, and accrual of costs associated with the inadequate internal control or compliance at UNBC or its subsidiaries.

(10) Risks associated with Bank of Ayudhya

The Bank's financial position and results of operations may be adversely affected by the deterioration in the business or management of Bank of Ayudhya, which became one of the Bank's primary subsidiaries in December 2013. Factors that could adversely affect Bank of Ayudhya's financial position and results of operations include the deterioration of the economy of Southeast Asia, mainly in Thailand as well as tough competition in the banking sector; political uncertainty and social instability; natural disasters such as floods; terrorism and conflicts; restrictions imposed by financial systems and laws; volatility in the interest rate, foreign exchange, stock prices and commodities markets; performance of the entities that invest or operate in the same region as well as the status of the economy, financial systems, laws and financial markets of the countries in which such entities are domiciled; losses associated with litigations; downgrading of credit ratings or declines in the stock prices of Bank of Ayudhya's borrowers and resultant potential bankruptcies; losses from personal loans; deterioration of relationships or cooperation with the other major shareholders; increased costs as a result of the integration of Bank of Ayudhya with the Bank not progressing as planned; and accrual of costs associated with inadequate internal controls or compliance at Bank of Ayudhya or its subsidiaries.

(11) Risks associated with consumer finance activities

The Bank has subsidiaries and affiliates engaged in consumer finance business while lending money to consumer finance operators. In association with consumer finance business, there were a series of court decisions that facilitate borrowers' request for refund of excess interest, including one that rules on stricter definition of the so called constructive repayment, continuously giving rise to litigations involving the request for refund of excess interest. Furthermore, as part of the revisions of the Money Lending Business Act that have been implemented step-by-step since December 2007, a revision was enforced in June 2010, in which constructive repayment system was abolished while total volume control was introduced. Meanwhile, as a result of the revision of the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates, maximum interest rate for contract of cash loan for consumption was reduced from 29.2% to 20%. As such, business environment surrounding the consumer finance industry remains to be watched closely, given the level of volatility as seen in a number of bankruptcies including a few major players. Given these circumstances, if the Bank's subsidiaries and affiliates engaging in consumer finance business suffer similar management difficulty, the Bank's financial position and results of operations may be adversely affected. Furthermore, if the Bank's borrowers operating consumer finance business are adversely affected by these developments, the Bank's loans to them may be impaired.

(12) Risks associated with deterioration in the world economy and/or recurrence of financial crisis resulting in the Bank's financial loss

Although the severe economic stagnation resulting from the fiscal crisis which started in Europe and the associated financial crisis has subsided, uncertainty continues to preside over the world economy due to factors including the impact of the tapering in U.S. monetary easing policy, the sluggish economic growth of China in the wake of the deteriorating financial environment, and rising political turmoil in regions around the world. If the situation deteriorates again, part of the investment portfolio, as well as lending activities of the Bank may be adversely affected. For example, the Bank may suffer greater loss due to further decline in the market values of the securities it holds. Meanwhile, changing business environment in the credit market could cause financial difficulty and default at the Bank's borrowers, leading to an increase in the Bank's bad debt and credit costs. Moreover, decline in the value of securities, along with credit crunch in the capital market could lower the creditworthiness of financial institutions both at home and abroad, resulting in increase in bankruptcies of financial institutions via shortage of capital or liquidity crisis. The Bank may suffer loss resulting from the transactions with such failing financial institutions, which could adversely impact the Bank's financial position and results of operations. Furthermore, in case the global economy suffers prolonged aftermath of the recurrent global financial crisis due to turmoil in the market caused by remaining drastic volatility in the global bonds and stocks markets as well as the foreign exchange market, its impact on the Bank may become even more serious.

Moreover, the Bank's balance sheet assets largely comprise financial instruments recorded at fair value which is generally determined in reference to their market value. In the event of decline in the value of financial instruments recorded at fair value, corresponding impairment may be recognized for the purpose of the statements of income. Under the recurrence of the global financial crisis and associated simultaneous recession, the market is increasingly exposed to a situation in which the market value of financial instruments significantly falls and such reference becomes practically impossible. Thus, significant volatility in, or serious malfunction of the financial market may have adverse impact on the fair value of financial instruments held by the Bank.

Besides, international accounting standard setters are discussing the need to review current accounting treatment of the fair value of financial instruments, and the potential revisions of concerned system and standards may have significant impact on the fair value of financial instruments held by the Bank.

(13) Risks of operational disruption due to external events (conflicts, terrorism and natural disasters, etc.)

External events such as conflicts (including serious political uncertainty), terrorism, natural disasters such as earthquakes, windstorm and flood damages, and pandemics, etc. may cause serious disturbance to the social infrastructure, or directly affect the Bank's branches, ATMs, system centers and other facilities, or otherwise make it difficult for the Bank to carry on its normal business, resulting in the whole or partial suspension of the Bank's operations, in addition to incurring the extra costs required to deal with such events.

The Bank is exposed to the risks of natural disasters, not least earthquakes. Although the Bank has developed a business continuity plan necessary to address such risks, which involves constant upgrading, it may not necessarily be able to cope with all future events. For example, tsunami, liquefaction, fire, rolling blackouts or power-saving initiatives in the aftermath of a future catastrophic event, such as the Great East Japan Earthquake that struck in March 2011, may adversely affect the operations of the Bank's branches, ATMs, system centers and other facilities. The restrictions on the supply of electricity necessitated by the shutdown of the nuclear power plant following the Great East Japan Earthquake, may continuously cause adverse effects to the operations of the Bank's branches, ATMs, and other facilities in the years to come.

Moreover, there are risks associated with the above circumstance, including further economic slowdown, management deterioration of the Bank's borrowers and decline in the stock market, which may increase the Bank's bad debt and credit costs or cause losses on impairment or valuation of the financial instruments held by the Bank.

Under any of the above circumstance, the Bank's financial position and results of operations may be adversely affected.

(14) Risks associated with information systems

Information and communications Systems play an extremely important part in the Bank's business, constituting the core of the Bank's operation and account, including customer services via the Internet or ATM. Errors and delays in transaction processing and leakage of information may occur as a result of system malfunctions or breakdowns due to factors including human errors, accidents, power failures, hacking and other forms of illegal access, computer virus, defective service provision by a third party such as a telecommunications carrier, along with external events and incidents including conflicts (including serious political uncertainty), terrorism, natural disasters such as earthquakes, windstorm and flood damages, and pandemics. These events, if severe enough, could disrupt the Bank's operation, giving rise to compensation for damages or similar losses. This could result in administrative punishment and incurring the extra costs required to deal with such events, let alone the possibility of compromising the Bank's reputation, adversely affecting its business, financial position and results of operations.

(15) Risks associated with competition

Competition in the financial services industry is getting even more strenuous following the recent developments including integration and restructuring across the industry, and the competition may become even tougher in the future. Meanwhile, change in the regulatory framework for financial institutions is being promoted on a global scale, which could change the competitive environment in the financial services industry. Unless the Bank can obtain competitive advantage in such competitive business environment, its financial position and results of operations may be adversely affected.

(16) Risks of being criticized for unfair or inappropriate transactions or conducts, and of being penalized as a result

The Bank is operating subject to the current regulations, and thus exposed to compliance risk associated with regulations (including the impact from the changes in laws, government policies, voluntary regulations, etc. both at home and in the overseas markets where the Bank is operating). The Bank's arrangement and programs for compliance risk management may not always be effective enough to totally eliminate violations of all laws and regulations.

If the Bank is unable to wholly comply with applicable laws and regulations, including those pertaining to money laundering, financial crimes and other fraudulent and inappropriate transactions, it may be subject to fines, administrative surcharges, disciplinary sanctions, reputational degradation, operational improvement orders, business suspension orders, and even revocation of business license in extreme cases, as a result of which the Bank's business environment may become more severe, tarnishing the Bank's reputation and causing the loss of confidence by its customers and in the market, which, in turn, may adversely affect the Bank's business and its results of operations. Record of such regulation-related penalty may have negative influence in case the Bank will need to apply for official approvals as prerequisite for strategic business development.

The Bank reached agreements with the Office of Foreign Assets Control of the United States (hereinafter referred to as "OFAC") in December 2012, whereby the Bank would pay settlement money to OFAC for its conduct during the period from 2006 to 2007 that could be deemed as a breach of the economic sanctions by the United States, and then with New York State Department of Financial Services (hereinafter referred to as "DFS") in June 2013, whereby the Bank would also pay settlement money to DFS for its inappropriate processing of U.S. dollar-denominated settlement transactions involving Iranian parties that it handled during the period from 2002 to 2007, and at the same time commission a third party organization to review its current internal control system over its compliance with the U.S. economic sanctions. Concurrently, the Bank continues to focus on reporting, consultation and cooperation with other relevant authorities while taking necessary actions as appropriate. However, depending on the future development of this case or the occurrence of similar events, the Bank may be subject to further penalties from the authorities concerned, or may reach a separate agreement therewith involving further payment of settlement money.

Separately, the Bank has been ordered to submit relevant information by the governments engaged in an investigation into the data submitted by the panel banks, including the Bank, to the entity that calculates various inter-bank benchmark interest rates. The Bank is cooperating with this investigation while conducting its own investigation into this issue. The Bank and other panel banks are among the defendants in a number of civil litigations involving the above issue including class actions in the United States. Furthermore in June 2013, the Bank received an administrative penalty from the Monetary Authority of Singapore, in which questions were raised over the Bank's controls over the quotation of benchmark interest rate, along with an instruction to take remedial measures to improve the control. Depending on the future development of this case or occurrence of similar events, the Bank may be subject to further penalties from the authorities concerned.

(17) Risks associated with changes in regulations

The Bank is operating subject to the current regulations (including laws and regulations, accounting standards, government policies, business practices and their interpretations both at home and in the markets of other regions where the Bank has operations, and the global financial regulations, etc.; hereinafter the same in this paragraph), and thus exposed to risks associated with changes in the regulations. Recently, there has been a global trend towards tightening financial regulatory control, and future changes in the regulations and the developments derived therefrom may have adverse impact on the Bank's business, financial position and results of operations, where it would be difficult to predict the nature, contents and severity of such adverse impact, and thus they would be beyond the Bank's control.

(18) Risks associated with transactions with the states harboring terrorists

The Bank has transactions with the legal entities in, or related to the countries designated by the U.S. Department of State as the "state sponsors of terrorism," including Islamic Republic of Iran (hereinafter referred to as "Iran"). Furthermore, the Bank has a representative office in Iran.

The United States law generally bars or restricts its citizen from dealing with the state sponsors of terrorism. Furthermore it is recognized that institutional investors in the U.S. including the U.S. government and pension funds are considering the restriction of transactions with or investment to the parties doing business with the state sponsors of terrorism such as Iran. Depending on the development of such situation, the Bank may no longer be able to acquire or maintain as its clients or investors the U.S. institutional investors including the U.S. government and pension funds, or otherwise those parties applicable to such restrictions. In addition, the Bank's reputation, in light of its social and political implication, could be undermined because of its relationship with those states in question. These developments could have adverse impact on the Bank's financial position and results of operations.

The United States further tightened regulations on transactions with Iran through the Iran Threat Reduction and Syria Human Rights Act enacted in August 2012, in addition to the Comprehensive Iran Sanctions, Accountability, and Divestment Act enacted in July 2010, and the National Defense Authorization Act enacted in December 2011, which requires the companies registered on stock exchanges in the United States (including non-U.S. companies) to disclose specific Iran-related transactions from February 2013. The Japanese government has enforced sanctions including asset freeze against the banks and other institutions that may contribute to the Iranian nuclear development, on the basis of the Foreign Exchange and Foreign Trade Act. The Bank has followed up such government policy and taken measures accordingly. However, if such measures are believed by the U.S. government not to catch up fully with their sanctions, the Bank could be penalized by their regulatory measures in some way. Please refer to "16. Risks of being criticized for unfair or inappropriate transactions or conducts, and of being penalized as a result" for penalties, etc. related to the above.

(19) Risks associated with capital adequacy ratio

1) Capital adequacy requirement and the factors that could cause its deterioration

The Bank is subject to the capital adequacy requirement based on the "Basel III: A global regulatory framework for more resilient banks and banking systems" (hereinafter referred to as "Basel III"), from the fiscal year ended March 31, 2013. Basel III is more focused on quality of capital than the prior capital adequacy requirement (Basel II), and is intended to improve the level of capital through the enhancement of the minimum capital adequacy requirement, while introducing the capital conservation buffer which restricts capital outflow such as dividend payout if the capital adequacy requirement falls below a certain level. Basel III has been implemented step-by-step from the fiscal year ended March 31, 2013. As the Bank has overseas business operations, its consolidated as well as non-consolidated risk-adjusted capital ratio must meet the uniform international standards as set out by the "Criteria for Judging Whether A Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Law" (the Financial Services Agency Notification No. 19 of 2006).

In the event of the Bank's risk-adjusted capital ratio falling below the required level, orders of various levels from the Financial Services Agency including whole or partial business suspension orders will ensue.

Meanwhile, as the Bank and some of its banking subsidiaries are subject to capital adequacy regulations in the United States and other countries, in the event of their capital adequacy falling below the required level, orders of various levels from the concerned local authorities will ensue.

Factors that affect the Bank's risk-adjusted capital ratio include:

· Increase in credit risk-weighted assets or expected loss due to portfolio volatility that could result from the deteriorating creditworthiness of obligors, or issuers of stocks or bonds
· Difficulty in refinancing existing capital instruments or issuing such instruments on equivalent terms

at the time of redemption or at maturity
- Decline in the value of securities portfolio
- Adverse fluctuations in foreign exchange
- Unfavorable amendments to capital adequacy requirement
- Reduction in the amount of deferred tax assets
- Other adverse developments

2) Regulatory trend

The Financial Stability Board (FSB) in November 2011 named Mitsubishi UFJ Financial Group, Inc. as one of the global systematically important financial institutions (G-SIFIs). A higher level of capital adequacy will be required for the G-SIFIs, and it will be applied in stages from 2016.

List of G-SIFIs will be updated annually, and the financial institutions subject to initial application will be identified by November 2014.

3) Deferred tax assets

Under the aforementioned FSA Notification as amended following the implementation of Basel III, deferred tax assets may be included in a bank's own capital up to a certain limit which is calculated based on core equity capital items of common equity Tier 1 capital, along with certain adjustments. Any amount in excess of this limit may not be included in the Bank's common equity Tier 1 capital, which may reduce the Bank's risk-adjusted capital ratio.

4) Capital instruments

The aforementioned FSA Notification as amended following the implementation of Basel III sets out transitional arrangements which allow for inclusion of capital instruments issued in March 2013 or earlier (qualifying former capital instruments) in the Bank's own capital within the extent of the transitional arrangements. These capital instruments may need to be refinanced when the time limit for the inclusion in the Bank's own capital arrives. However, the aforementioned FSA Notification requires as prerequisite to the inclusion of newly issued capital instruments in the Bank's own capital (except for common stock, etc.), a special condition to be in place which prescribes that either principal reduction or conversion into common stock be carried out if the issuing financial institution is deemed effectively bankrupt or in similar circumstances. Under certain market conditions, refinancing or new issuance on the equivalent terms may not be possible. In such case, the Bank's own capital will be reduced, resulting in a lower risk-adjusted capital ratio.

(20) Risks associated with retirement benefit obligation

In the event of decline in the fair value of the Bank's plan assets, or its rate of return, if there are changes in the actuarial premises and assumptions for the calculation of projected benefit obligation, or if amendments are made to accounting standards related to retirement benefits, losses may accrue. Also unrecognized prior service cost may accrue due to changes in the pension system. Furthermore, other factors such as changes in interest rate environment may have adverse impact on the unfunded pension obligation as well as annual funding amount. As a result of the above, the Bank's financial position and results of operations may be adversely affected.

(21) Risks associated with loss and leakage of information

The Bank is required to prudently handle customer information under the Banking Law as well as the Financial Instruments and Exchange Act. The Bank, as a business operator handling personal information, is also required to comply with the duty for the purpose of protecting personal information under the Act on the Protection of Personal Information (Personal Information Protection Act).

Loss or leakage of customer information or the Bank's classified information through inadequate management, hacking and other forms of illegal access, or through infection by a computer virus, could constitute administrative punishment, potentially giving rise to direct loss of the Bank such as the payment of compensation for the financial and psychological damage the customers involved may suffer. In addition, the Bank's business environment may become more severe if such incident is reported by the media, materializing the Bank's reputation risk, causing the loss of confidence by its customers and in the market, where the Bank's business operation, financial position and results of operations may be adversely affected.

(22) Reputation risk

The Bank's reputation is a critically important asset in maintaining favorable relationship with customers, investors, supervising authorities and society at large, which, however, can be compromised as a result of violations of laws and regulations, misconduct of its employees, inappropriate handling of potential conflict of interest, litigations, system failures, misconduct and crimes committed by third parties fraudulently using the Bank's name, action of the customers or counterparties, control of which is difficult or impossible, inappropriate trade practice or abuse of its superior bargaining position in dealing with customers, or other various events. If the Bank cannot preempt such events, or fails to adequately deal with them once they take place, it is likely to lose its existing or potential customers or investors, resulting in an adverse impact on the Bank's business, financial position and results of operations.

(23) Risks of failing to recruit and develop adequate human resources

Despite the Bank's constant effort to recruit and develop capable human resources, failure in this endeavor could result in an adverse impact on the Bank's operation and business performance, etc.

4. Agreements and Arrangements with a Significant Effect on the Business Activities

(1) Voluntary Tender Offer for Bank of Ayudhya Shares

The Bank, at its Board of Directors meeting held on July 2, 2013, resolved to sign a Share Tender Agreement as of the same date with GE Capital International Holdings Corporation (hereinafter referred to as "GE Capital") regarding the common stocks of Bank of Ayudhya held by GE Capital, and to conduct a voluntary tender offer for said shares (hereinafter referred to as "Voluntary Tender Offer") in order to acquire a majority of common stocks in Bank of Ayudhya, subject to regulatory approvals, resolution of Bank of Ayudhya's shareholders' and fulfillment of certain other conditions. Subsequently, as all the conditions necessary for the implementation of the Voluntary Tender Offer were met, the Voluntary Tender Offer commenced on November 7, 2013 and was completed on December 13, 2013.

1) Objectives of the Voluntary Tender Offer

As part of its strategy for further business development in Asia, the Bank had been aiming to establish a full-fledged commercial banking platform. The Bank considers its equity investment in Bank of Ayudhya as a crucial step in its growth strategy in Thailand, and seeks to further strengthen its financial services in the country and meet the diverse needs of its customers who are actively engaging in business there.

2) Summary of the Voluntary Tender Offer

(i) Overview of Bank of Ayudhya

Corporate name	Bank of Ayudhya Public Company Limited
Name and position of representative	Mrs. Janice Van Ekeren, CEO
Location	Bangkok, Kingdom of Thailand
Year of establishment	1945
Business description	Commercial bank
Capital stock	60,741 million baht (as of December 31, 2013)
Total number of shares issued	6,074,143,747 shares (as of December 31, 2013)
End of fiscal year	December

Size of Bank of Ayudhya (for the fiscal year ended December 31, 2013)
(millions of baht)

Gross profit	68,500
Operating income	34,886
Net income (after adjustment for minority interests)	11,866
Total assets	1,179,581
Total equity	121,647

(Notes) 1. "Operating income" is the difference between "gross profit" and "operating expenses."
2. The above figures were obtained from the financial information in Bank of Ayudhya's Form 56-1 pursuant to Securities Exchange Act of Thailand.

(ii) Purchase price
39 baht per share

(iii) Results of the purchase
Shares purchased as a percentage of the total number of shares issued: Approximately 72.01% (4,373,714,120 shares) (including the approximately 25.33% (1,538,365,000 shares) sold by GE Capital)

(iv) Funds used in the purchase
Approximately 170.6 billion baht (approximately ¥536.0 billion, calculated based on the currency exchange rate of 1 baht = ¥3.142)

(v) Completion date of the cash settlement
December 18, 2013

(vi) Conversion of Bank of Ayudhya into a consolidated subsidiary of the Bank
As stated above, as a result of the acquisition of a majority of Bank of Ayudhya shares, Bank of Ayudhya became a consolidated subsidiary of the Bank.

(2) Integration of the Bangkok Branch of the Bank with Bank of Ayudhya

On September 18, 2013, the Bank, in accordance with the resolution of the Board of Directors meeting held on the same date, signed a Conditional Branch Purchase Agreement for the integration of the Bangkok Branch of the Bank (Bangkok Branch) and Bank of Ayudhya subsequent to the Voluntary Tender Offer.

1) Objectives of the Integration

The Bank has been engaged in numerous discussions with Bank of Ayudhya towards building a broad strategic partnership, as well as deliberations regarding the integration of the Bank's Bangkok Branch with Bank of Ayudhya subsequent to the Voluntary Tender Offer in compliance with the Bank of Thailand's One Presence Policy. As a result, both banks agreed to enter into a Conditional Branch Purchase Agreement on September 18, 2013.

After the integration is complete, Bank of Ayudhya's retail and SME customer base in Thailand will be combined with MUFG and the Bank's expertise in financial products and services in the global corporate banking business to build a framework capable of delivering a one stop full suite of high-value financial services to a wide range of customers.

On August 27, 2013, the Bank and Bank of Ayudhya obtained approval from the Bank of Thailand with regard to the acquisition of Bank of Ayudhya shares in excess of the foreign shareholding limit.

2) Summary of the Integration

(i) Integration Method

The Bank will integrate the Bangkok Branch with Bank of Ayudhya through the contribution in kind of the Bangkok Branch business to Bank of Ayudhya. In exchange for the contribution in kind, Bank of Ayudhya plans to issue 1,143,221,782 common shares at 39 baht per share to the Bank.

The Integration shall be subject to regulatory approvals, resolution of Bank of Ayudhya's shareholders' , completion of the Voluntary Tender Offer and fulfillment of certain other conditions. The number of shares to be issued and issue price are subject to change in accordance with the price adjustment clause and a maximum of 1,500,000,000 shares under the Conditional Branch Purchase Agreement.

(ii) Overview of the Bangkok Branch

Since its opening in 1962, the Bangkok Branch has been providing services primarily to corporate clients for more than 50 years, and is the largest in terms of asset size amongst the foreign banks operating in Thailand as of March 31, 2014.

(millions of baht)

Fiscal year	Fiscal 2011	Fiscal 2012	Fiscal 2013
Gross profit	6,911	7,492	9,048
Operating income	5,036	5,553	6,519
Net income	3,168	4,093	4,913
Balance of loans and bills discounted	184,709	209,989	232,230
Balance of deposits (including deposit fund management products)	181,985	204,464	178,056
Total assets	500,217	583,443	541,154
Total liabilities (including inter-office loans from the Bank's headquarters)	464,041	544,673	496,514
Net asset equivalents	36,176	38,770	44,640

(iii) Timeline

Execution of Conditional Branch Purchase Agreement	September 18, 2013
Extraordinary General Meeting of Shareholders of Bank of Ayudhya	October 31, 2013
Integration of Bangkok Branch and Bank of Ayudhya (tentative)	Scheduled within one year from the date of acquisition of Bank of Ayudhya shares (Subject to change in accordance with an agreement between the parties and regulatory approval)

5. Analyses of Financial Position, Results of Operations and Cash Flows

The Bank’s financial position, results of operations and cash flows for the current consolidated fiscal year are as follows:

Consolidated gross operating income for the current fiscal year was ¥2,551.6 billion, with a decrease of ¥20.0 billion from the previous fiscal year, primarily reflecting a decrease in other operating income.

Consolidated net business profit (before provision for general allowance for credit losses) was ¥1,047.5 billion, with a decrease of ¥148.8 billion from the previous fiscal year, due to an increase of ¥128.7 billion from the previous fiscal year in general and administrative expenses.

Meanwhile, consolidated net income was ¥754.3 billion, with an increase of ¥80.8 billion from the previous fiscal year, primarily reflecting an increase in other ordinary income.

The main items for the current consolidated fiscal year are shown in the table below.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Interest income	(1)	1,906.5	1,962.0	55.4
Interest expenses (after deduction of expenses related to money held in trust)	(2)	402.8	397.1	(5.6)
Trust fees	(3)	10.2	14.2	3.9
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	687.0	732.5	45.5
Fees and commissions expenses	(6)	125.9	133.7	7.7
Trading income	(7)	142.7	124.3	(18.3)
Trading expenses	(8)	–	–	–
Other operating income	(9)	514.6	413.3	(101.3)
Other operating expenses	(10)	160.7	163.8	3.1
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,571.7	2,551.6	(20.0)
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,375.4	1,504.1	128.7
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		1,196.3	1,047.5	(148.8)
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	(6.5)	–	6.5
Consolidated net business profit (loss) (= (11) - (12) - (13))		1,202.9	1,047.5	(155.3)
Other ordinary income	(14)	158.0	352.9	194.9
Of which, reversal of allowance for credit losses		–	74.5	74.5
Of which, gains on collection of bad debts		34.2	40.8	6.5
Of which, gains on sales of equity securities and other securities		20.9	133.9	112.9
Interest expenses (expenses related to money held in trust)	(15)	0.1	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	49.9	28.2	(21.6)
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	239.9	154.5	(85.3)
Of which, credit costs		109.6	80.0	(29.5)
Of which, losses on sales of equity securities and other securities		10.7	8.7	(2.0)
Of which, losses on write-down of equity securities and other securities		70.8	13.4	(57.4)
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(131.9)	170.0	301.9
Ordinary profit		1,070.9	1,217.5	146.6
Net extraordinary gains (losses)		1.9	(20.7)	(22.7)
Of which, impairment loss of long-lived assets		(5.1)	(3.7)	1.3

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Income before income taxes and minority interests	1,072.9	1,196.7	123.8
Total income taxes	339.2	380.1	40.8
Minority interests in net income	60.1	62.3	2.1
Net income	673.5	754.3	80.8

1. Analysis of Results of Operations

(1) Credit costs

Total credit costs for the current fiscal year decreased by ¥104.1 billion compared to the previous fiscal year to a net reversal of ¥35.3 billion.

Write-offs of loans decreased by ¥0.4 billion, provision for specific allowance for credit losses decreased by ¥34.1 billion and other credit costs increased by ¥5.1 billion compared to the previous fiscal year.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Of the trust fees, credit costs for trust accounts	(1)	–	–	–
Of other ordinary income, reversal of allowance for credit losses	(2)	–	74.5	74.5
Of other ordinary income, reversal of reserve for contingent losses	(3)	–	–	–
Of other ordinary income, gains on collection of bad debts	(4)	34.2	40.8	6.5
Of other ordinary expenses, provision for general allowance for credit losses	(5)	(6.5)	–	6.5
Of other ordinary expenses, credit costs	(6)	109.6	80.0	(29.5)
Write-offs of loans		72.7	72.2	(0.4)
Provision for specific allowance for credit losses		34.1	–	(34.1)
Other credit costs		2.7	7.8	5.1
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		68.8	(35.3)	(104.1)
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		1,196.3	1,047.5	(148.8)
Consolidated net business profit (loss) (after deduction of total credit costs)		1,127.5	1,082.8	(44.7)

(2) Net gains (losses) on equity securities and other securities

The Bank posted ¥111.6 billion gains on equity securities and other securities for the current fiscal year with an increase of ¥172.3 billion from the previous fiscal year.

Gains on sales of equity securities and other securities increased by ¥112.9 billion compared to the previous fiscal year to ¥133.9 billion while losses on sales of equity securities and other securities decreased by ¥2.0 billion compared to the previous fiscal year to ¥8.7 billion. Losses on write-down of equity securities and other securities decreased by ¥57.4 billion compared to the previous fiscal year to ¥13.4 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	(60.7)	111.6	172.3
Of other ordinary income, gains on sales of equity securities and other securities	20.9	133.9	112.9
Of other ordinary expenses, losses on sales of equity securities and other securities	10.7	8.7	(2.0)
Of other ordinary expenses, losses on write-down of equity securities and other securities	70.8	13.4	(57.4)

2. Analysis of Financial Position

(1) Loans

(For reference) Status of claims disclosed under the Financial Reconstruction Act

Claims disclosed under the Financial Reconstruction Act decreased by ¥255.4 billion from the end of the previous fiscal year to ¥1,372.2 billion. The percentage of disclosed claims to total claims fell by 0.41 percentage points from the end of the previous fiscal year to 1.55%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers fell by ¥39.9 billion, doubtful claims fell by ¥140.6 billion, and claims in need of special attention fell by ¥74.8 billion.

With regard to the coverage situation at the end of the current fiscal year for these disclosed claims totaling ¥1,372.2 billion, allowance for credit losses covered ¥365.7 billion claims and the covered amount by collaterals, guarantees and others was ¥703.3 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 77.90%.

The Bank has been addressing non-performing loans and other claims as an important issue. It continues making efforts to reduce these assets through disposals by write-offs and sales or the implementation of turnaround programs for recoverable borrowers.

Claims disclosed under the Financial Reconstruction Act (non-consolidated)

(Billions of yen)

Category	Loan amount (A)	Allowance for credit losses (B)	Covered by collateral and/or guarantees (C)	Allowance ratio for unsecured portion (B) / [(A) - (C)]	Coverage ratio [(B) + (C)] / (A)
Claims against bankrupt or de facto bankrupt borrowers	91.5 (131.4)	1.1 (3.0)	90.3 (128.3)	100.00% (100.00%)	100.00% (100.00%)
Doubtful claims	822.4 (963.1)	244.5 (268.2)	389.6 (434.7)	56.51% (50.77%)	77.11% (72.99%)
Claims in need of special attention	458.2 (533.1)	120.0 (131.9)	223.2 (303.1)	51.08% (57.36%)	74.91% (81.60%)
Subtotal	1,372.2 (1,627.6)	365.7 (403.3)	703.3 (866.1)	54.67% (52.96%)	77.90% (77.99%)
Normal claims	86,906.3 (80,996.2)	–	–	–	–
Total	88,278.5 (82,623.9)	–	–	–	–
Percentage of disclosed claims to total claims	1.55% (1.96%)	–	–	–	–

(Note) The upper figures are as of March 31, 2014. The lower figures with parentheses are as of March 31, 2013.

(2) Securities

Securities at the end of the current fiscal year decreased by ¥5,912.3 billion to ¥57,422.3 billion compared to the end of the previous fiscal year. Equity securities and other securities rose by ¥246.3 billion and ¥1,999.8 billion, respectively, but government bonds and corporate bonds decreased by ¥7,901.0 billion and ¥243.2 billion, respectively.

(Billions of yen)

	As of March 31, 2013 (A)	As of March 31, 2014 (B)	Change (B) - (A)
Securities	63,334.7	57,422.3	(5,912.3)
Government bonds	41,758.0	33,857.0	(7,901.0)
Municipal bonds	212.0	197.7	(14.2)
Corporate bonds	2,366.2	2,123.0	(243.2)
Equity securities	3,558.6	3,805.0	246.3
Other securities	15,439.6	17,439.5	1,999.8

(Note) "Other securities" include foreign bonds and equity securities.

3. Cash Flows

With regard to cash flows, operating activities used net cash of ¥5,283.8 billion with a ¥3,674.8 billion increase in outflows from the previous fiscal year. Investing activities generated net cash of ¥6,257.7 billion, as a result of ¥3,133.8 billion increase in cash inflows compared to the previous fiscal year. Financing activities used net cash of ¥918.0 billion, with a ¥74.3 billion decrease in outflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥3,998.5 billion, with an increase of ¥305.8 billion from the end of the previous fiscal year.

4. Results of Operations by Business Unit

Results of operations for the current fiscal year posted by business units which are segmented based on the internal management classification.

[Principal business conducted by each business unit]

Retail Banking Business Unit	:	Providing financial services to individual customers in Japan
Corporate Banking Business Unit	:	Providing financial services to corporate customers in Japan
Global Business Unit	:	Providing financial services to overseas individual and corporate customers
Of which, UNBC	:	UnionBanCal Corporation (a bank holding company that controls U.S. Union Bank, N.A. as its subsidiary)
Global Markets Unit	:	Foreign exchange, funds and securities transactions for customers and markets, liquidity and cash management
Other units	:	Settlement and custody services, investments, internal coordination, etc.

(Billions of yen)

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit		Global Markets Unit	Other units (Note 2)	Total
				UNBC			
Gross operating income	590.7	689.7	926.7	375.8	357.3	(12.8)	2,551.5
Non-consolidated	510.6	668.8	443.0	–	344.0	(22.7)	1,943.9
Net interest income	378.8	325.3	235.7	–	154.6	53.8	1,148.4
Net non-interest income	131.8	343.5	207.3	–	189.3	(76.5)	795.4
Subsidiaries	80.0	20.8	483.6	375.8	13.2	9.8	607.6
Expenses	453.0	324.1	554.1	266.8	61.7	123.9	1,517.0
Net operating income (Note 1)	137.6	365.6	372.5	109.0	295.5	(136.8)	1,034.5

(Notes)
1. Net operating income is the consolidated net business profit (loss) before consolidation adjustments (eliminating dividends from subsidiaries only).
   Above profits and losses are computed for the purpose of internal management and differ from those for financial accounting.
2. Other units' gross operating income excludes dividends from subsidiaries and income from the loans to Mitsubishi UFJ Financial Group, Inc.

(1) Retail Banking Business Unit

Income from customer deposits in yen continued to decrease due to declining market rates, while income from the sales of fund management products was strong, and income from consumer finance business also remained steady.

(2) Corporate Banking Business Unit

Income from customer deposits in yen continued to decrease due to declining market rates, while income from investment banking business including the solutions business remained competitive, and the unit continued its effort to reduce expenses.

(3) Global Business Unit

The unit witnessed continued growth in gross operating income mainly because income from lending operations and income from Corporate Investment Banking increased in each area of Asia, Americas and Europe.

(4) Global Markets Unit

The unit’s income fell short of the previous year mainly because of a decrease in net gains related to bonds, while timely position management was conducted in response to changes in the external environment.

III. Equipment and Facilities

Overview of Capital Investment

With the purpose to improve our extensive customer services while rationalizing and streamlining internal operations, the Bank made information system investment to enhance our products and services, apart from the investment for refurbishment of head office building/center, relocation, reconstruction and renovation of branches, as well as measures against disasters.

Primarily due to the above measures, the total capital investment for the current consolidated fiscal year amounted to ¥281.8 billion, including investment for intangible fixed assets such as software.

In the current consolidated fiscal year, there was no retirement or sale of major equipment and facilities that needed to be stated.

As the Group's assets have not been allocated to each segment, no asset-related statement has been made in the segment information.

IV. Company Information

1. Information on the Company's shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	33,000,000,000
Class 2 preferred stock	100,000,000
Class 4 preferred stock	79,700,000
Class 6 preferred stock	1,000,000
Class 7 preferred stock	177,000,000
1st series of Class 8 preferred stock	400,000,000 (Note 1)
2nd series of Class 8 preferred stock	400,000,000 (Note 1)
3rd series of Class 8 preferred stock	400,000,000 (Note 1)
4th series of Class 8 preferred stock	400,000,000 (Note 1)
1st series of Class 9 preferred stock	200,000,000 (Note 2)
2nd series of Class 9 preferred stock	200,000,000 (Note 2)
3rd series of Class 9 preferred stock	200,000,000 (Note 2)
4th series of Class 9 preferred stock	200,000,000 (Note 2)
1st series of Class 10 preferred stock	200,000,000 (Note 3)
2nd series of Class 10 preferred stock	200,000,000 (Note 3)
3rd series of Class 10 preferred stock	200,000,000 (Note 3)
4th series of Class 10 preferred stock	200,000,000 (Note 3)
Total	34,157,700,000

(Notes)
1. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 8 preferred stock shall not exceed 400,000,000.
2. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 9 preferred stock shall not exceed 200,000,000.
3. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 10 preferred stock shall not exceed 200,000,000.

2) Total number of shares issued

Class	Number of shares issued as of the end of the current fiscal year (March 31, 2014)	Number of shares issued as of the date of submission (June 27, 2014)	Financial instruments exchange on which the stock is listed or other market	Description
Common stock	12,350,038,122	Same as left	–	(Notes) 1, 2, 3
1st series of Class 2 preferred stock	100,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 4 preferred stock	79,700,000	Same as left	–	(Notes) 1, 2
1st series of Class 6 preferred stock	1,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 7 preferred stock	177,000,000	Same as left	–	(Notes) 1, 2
Total	12,707,738,122	Same as left	–	–

(Notes) 1. Number of shares constituting one unit is 1,000 for both common stock and preferred stock, and there are no provisions in the Articles of Incorporation in respect of Article 322, Paragraph 2 of the Companies Act.

2. Different provisions in respect of matters including voting rights apply to common stock and preferred stock, to allow our financial policy to operate in a flexible manner.

3. Standard stock involving no restriction on shareholders' rights.

(2) Status of the total number of shares issued and the amount of capital stock and other

Date	Change in total number of shares issued (Thousands of shares)	Total number of shares issued (Thousands of shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
December 28, 2009 (Note)	1,516,654	12,707,738	515,662	1,711,958	515,662	1,711,958

(Note) This was due to the private placement (1,516,654 thousand shares of common stock), in which offering price and paid-in capital per share were ¥680 and ¥340, respectively.

(3) Status of major shareholders

By number of shares held

As of March 31, 2014

Company name	Address	Number of shares held (Thousands of shares)	Ratio of number of shares held against total number of shares issued (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	12,506,038	98.41
(Treasury stock) The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	201,700	1.58
Total	–	12,707,738	100.00

By number of voting rights held

As of March 31, 2014

Company name	Address	Number of voting rights held	Ratio of number of voting rights held against total number of shareholders' voting rights (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	12,350,038	100.00
Total	–	12,350,038	100.00

(4) Status of voting rights

1) Issued shares

As of March 31, 2014

Class	Number of shares		Number of voting rights	Description
Shares with no voting rights	1st series of Class 2 preferred stock	100,000,000	–	As stated in "1. Information on the Company's Shares, (1) Total number of shares, etc."
	1st series of Class 4 preferred stock	79,700,000	–	
	1st series of Class 6 preferred stock	1,000,000	–	
	1st series of Class 7 preferred stock	177,000,000	–	
Shares with restricted voting rights (treasury stock, etc.)	–		–	–
Shares with restricted voting right (others)	–		–	–
Shares with full voting rights (treasury stock, etc.)	–		–	–
Shares with full voting rights (others)	Common stock	12,350,038,000	12,350,038	Standard stock involving no restriction on shareholders' rights
Shares of less than one unit	Common stock	122	–	–
Total number of shares issued		12,707,738,122	–	–
Total number of shareholders' voting rights	–		12,350,038	–

2) Treasury stock, etc.

As of March 31, 2014

Company name	Address	Number of shares held in its own name	Number of shares held in other than its own name	Total number of shares held	Ratio of number of shares held against total number of shares issued (%)
–	–	–	–	–	–
Total	–	–	–	–	–

(Note) Of the shares with no voting rights above, 100,000,000 shares of 1st series of Class 2 preferred stock, 79,700,000 shares of 1st series of Class 4 preferred stock, 1,000,000 shares of 1st series of Class 6 preferred stock, and 21,000,000 shares of 1st series of Class 7 preferred stock are treasury stock.

(5) Details of stock option plans

None applicable.

2. Policy on Dividends

The Bank makes it a principle to pay out constant dividend, with consideration to the strengthening of its financial position including the building up of adequate internal reserves, to ensure sound bank management necessitated by the public nature of banking business, along with consideration to the reinforcement of the capital base of its parent company Mitsubishi UFJ Financial Group, Inc.

According to the provisions in Article 454, Paragraph 5 of the Companies Act., the Bank, by its Articles of Incorporation, is allowed to offer dividends from surplus, with the record date set on September 30 each year, based on the resolution of the Board of Directors. Thus, the Bank makes it a principle to pay out dividend from surplus twice a year, namely interim dividend and year-end dividend, whose amounts are decided by Board of Directors' meeting and the Ordinary General Meeting of Shareholders, respectively.

In respect of dividends for the current fiscal year ended March 31, 2014, it was decided, in accordance with the dividend policy as described above, to pay an annual dividend of ¥17.85 per share for common stock (comprising an interim dividend of ¥7.35 per share and a year-end dividend of ¥10.50 per share), while an annual dividend of preferred stock was decided to be paid out as scheduled by the rule. Furthermore, in line with the business investment strategies of the parent company Mitsubishi UFJ Financial Group, Inc., as of March 7, 2014, the Bank distributed dividends in kind in the form of common stock of Mitsubishi UFJ Lease & Finance Company Limited.

In the meantime, internal reserves shall be utilized for the continuous enhancement of corporate value and further reinforcement of the corporate structure.

(Note) Dividends from surplus whose record dates belong to the current fiscal year were as follows.

Date of resolution	Aggregate amount of dividend	Dividend per share	
November 14, 2013 Resolution by the Board of Directors' meeting	¥99,742 million	Common stock	¥ 7.35
		1st series of Class 7 preferred stock	57.50
June 26, 2014 Resolution by the Ordinary General Meeting of Shareholders	¥138,645 million	Common stock	¥ 10.50
		1st series of Class 7 preferred stock	57.50

Date of resolution	Aggregate amount of dividend	Type of dividend	Dividend per share	
March 3, 2014 Resolution by the Extraordinary General Meeting of Shareholders	¥3,899 million	Common stock of Mitsubishi UFJ Lease & Finance Company Limited 27,107,000 shares	Common stock	The entire dividend shall be allocated to Mitsubishi UFJ Financial Group, Inc., which is the sole shareholder of the common stock of the Bank, and hence dividend per share is not determined.

3. Changes in Share Prices

Not applicable as the Bank’s stock is not listed.

4. Directors and Corporate Auditors

Title	Position	Name	Date of birth	Term	Number of shares of the Company held	Concurrent positions
Chairman	(Representative Director)	Katsunori Nagayasu	April 6, 1947	One year from June 2014	-	-
Deputy Chairman	(Representative Director) In charge of Internal Audit & Credit Examination Division	Kiyoshi Sono	April 18, 1953	One year from June 2014	-	Chairman of Mitsubishi UFJ Financial Group, Inc.
President	(Representative Director)	Nobuyuki Hirano	October 23, 1951	One year from June 2014	-	President & CEO of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director) Chief Executive, Global Business Unit	Takashi Morimura	June 5, 1952	One year from June 2014	-	Managing Officer & Group Head, Integrated Global Business Group of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director) In charge of Central Region of Japan	Takeshi Ogasawara	August 1, 1953	One year from June 2014	-	-
Deputy President	(Representative Director) Chief Executive, Corporate Banking Business Unit	Hidekazu Fukumoto	November 6, 1955	One year from June 2014	-	Managing Officer & Group Head, Integrated Corporate Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director) In charge of Western Region of Japan	Takashi Morisaki	January 1, 1955	One year from June 2014	-	-
Deputy President	(Representative Director)	Takashi Oyamada	November 2, 1955	One year from June 2014	-	-
Senior Managing Director	(Representative Director) Chief Executive, Retail Banking Business Unit	Tadachiyo Osada	October 26, 1956	One year from June 2014	-	Managing Officer & Group Head, Integrated Retail Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) In charge of Corporate Administration Division, Corporate Planning Division, Public Relations Division, CSR Promotion Division	Saburo Araki	August 6, 1957	One year from June 2014	-	Managing Officer of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) Chief Executive, Corporate Services	Satoshi Murabayashi	November 8, 1958	One year from June 2014	-	Managing Officer of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) In charge of Human Resources Division	Shuzo Iwasaki	December 9, 1959	One year from June 2014	-	-
Managing Director	(Representative Director) In charge of Compliance Division, Legal Division (Chief Compliance Officer), and of Corporate Risk Management Division, Credit Policy & Planning Division	Takehiko Shimamoto	November 15, 1959	One year from June 2014	-	Managing Officer of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) Chief Executive, Global Markets Unit	Naoto Hirota	June 4, 1958	One year from June 2014	-	Managing Officer & Group Head, Integrated Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc.
Director		Taihei Yuki	October 3, 1952	One year from June 2014	-	Senior Managing Director of Mitsubishi UFJ Financial Group, Inc.
Director		Teruo Ozaki	December 29, 1944	One year from June 2014	-	Managing Partner of Teruo Ozaki & Co. CEO, President of Andersen Business Associates Inc.
Director		Shuzo Sumi	July 11, 1947	One year from June 2014	-	Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Chairman of the Board of Tokio Marine Holdings, Inc.
Corporate Auditor (full-time)		Hitoshi Suzuki	January 8, 1954	Four years from June 2014	-	-
Corporate Auditor (full-time)		Hiroshi Matsuo	November 15, 1958	Four years from June 2012	-	-
Corporate Auditor (full-time)		Kanji Morioka	April 1, 1960	Four years from June 2011	-	-
Corporate Auditor (full-time)		Kenichi Nakamatsu	June 12, 1961	Four years from June 2014	-	-

Title	Position	Name	Date of birth	Term	Number of shares of the Company held	Concurrent positions
Corporate Auditor (full-time)		Michiyoshi Sakamoto	October 27, 1947	Four years from June 2013	-	-
Corporate Auditor		Makoto Ebata	February 23, 1947	Four years from June 2013	-	Associate of Hitachi, Ltd.
Corporate Auditor		Kenji Matsuo	June 22, 1949	Four years from June 2013	-	Senior Advisor of Meiji Yasuda Life Insurance Company
Corporate Auditor		Tetsuya Nakagawa	September 24, 1951	Four years from June 2012	-	-
Total		25 members				

(Notes)

1. Directors Taihei Yuki, Teruo Ozaki, and Shuzo Sumi are all Outside Directors stipulated under Article 2, Item 15 of the Companies Act.
2. Corporate Auditors Michiyoshi Sakamoto, Makoto Ebata, Kenji Matsuo, and Tetsuya Nakagawa are all Outside Corporate Auditors stipulated under Article 2, Item 16 of the Companies Act.
3. We have an executive officer system, and the Bank has 81 Executive Officers as of the date of submission. All the Directors listed above, except for Chairman Katsunori Nagayasu, Directors Taihei Yuki, Teruo Ozaki, and Shuzo Sumi, serve concurrently as Executive Officers.

5. Corporate Governance

(1) Corporate governance

1) Status of corporate governance of the Submitting Company

A) Basic concept on the corporate governance

The Bank is making efforts to enhance corporate governance as a member of MUFG Group based on the concept described in the "Management Vision" and the "Principles of Ethics and Conduct."

Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, is a company with Auditors which has both Corporate Auditors and Directors. Taking advantage of management supervisory function performed by the Corporate Auditors and by incorporating "external perspectives" through the three measures as mentioned below, the Group is striving to establish stable and highly effective corporate governance structure while improving transparency of its corporate management and enhancing accountability to its shareholders.

a) Half or more of the members of the Board of Corporate Auditors shall be Outside Corporate Auditors.

b) The Group actively appoints Outside Directors and has established the voluntary "Internal Audit and Compliance Committee," "Risk Committee" and "Nomination and Compensation Committee" chaired by Outside Directors and Non Executive Directors, and consisting mainly of external committee members as committees under the Board of Directors.

c) The Group has established the "Advisory Board" consisting of external experts from Japan and the "Global Advisory Board" consisting of external experts from overseas to provide valuable guidance to the Executive Committee regarding overall corporate management from an independent standpoint.

Being the same company with corporate auditors as Mitsubishi UFJ Financial Group, Inc., the Bank strengthens audits conducted by Corporate Auditors and internal audit functions as its basis of corporate governance, while making efforts to enhance management supervisory function of the Board of Directors and realize proper corporate management structure through appointment of Outside Directors and establishment of voluntary "Internal Audit and Compliance Committee." The Bank also introduced the business unit system where management authorities are accompanied by management responsibilities in each business unit, along with executive officer system, in order to enhance and strengthen business operation function in each business or business unit.

B) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems

The Bank's principal corporate management organizations regarding management decision making, execution and supervision are as follows.

a) Board of Directors

The Board of Directors meets once a month in principle and makes decisions on the Bank's important business executions and oversees execution of duties by the Directors. The Bank has 17 Directors including 3 Outside Directors as of the submission date of this report.

b) Internal Audit and Compliance Committee

Aiming at strengthening management supervisory function from an external perspective and improving transparency of management, the Bank has established the Internal Audit and Compliance Committee as an organization under the Board of Directors consisting mainly of external committee members. To contribute to discussion by the Board of Directors, the Internal Audit and Compliance Committee has the function to deliberate matters relating to internal audit, compliance, and information security and make reports and suggestions to the Board of Directors. In addition, matters discussed at the Internal Audit and Compliance Committee are reported to the Internal Audit and Compliance Committee of Mitsubishi UFJ Financial Group, Inc.

Furthermore, in order to establish more advanced compliance structure and information security management system, the Bank has set up the Compliance Expert Committee and Information Security Expert Committee. Each Committee consists of two or more external experts such as attorneys at law and certified public accountants, and conduct exhaustive discussion in each area from the viewpoints of expert, which is reported through the Internal Audit and Compliance Committee to the Board of Directors.

c) Corporate Auditor/Board of Corporate Auditors

The Bank is a company with Auditors. The Board of Corporate Auditors consists of 8

Corporate Auditors including 4 Outside Corporate Auditors (comprising a half of the committee) as of the submission date of this report.

In accordance with the audit policies and audit plans formulated by the Board of Corporate Auditors, each Corporate Auditor audits Directors’ executions of duties and other matters through attendance to important meetings including the Board of Directors’ meetings and investigation on status of business operations and assets.

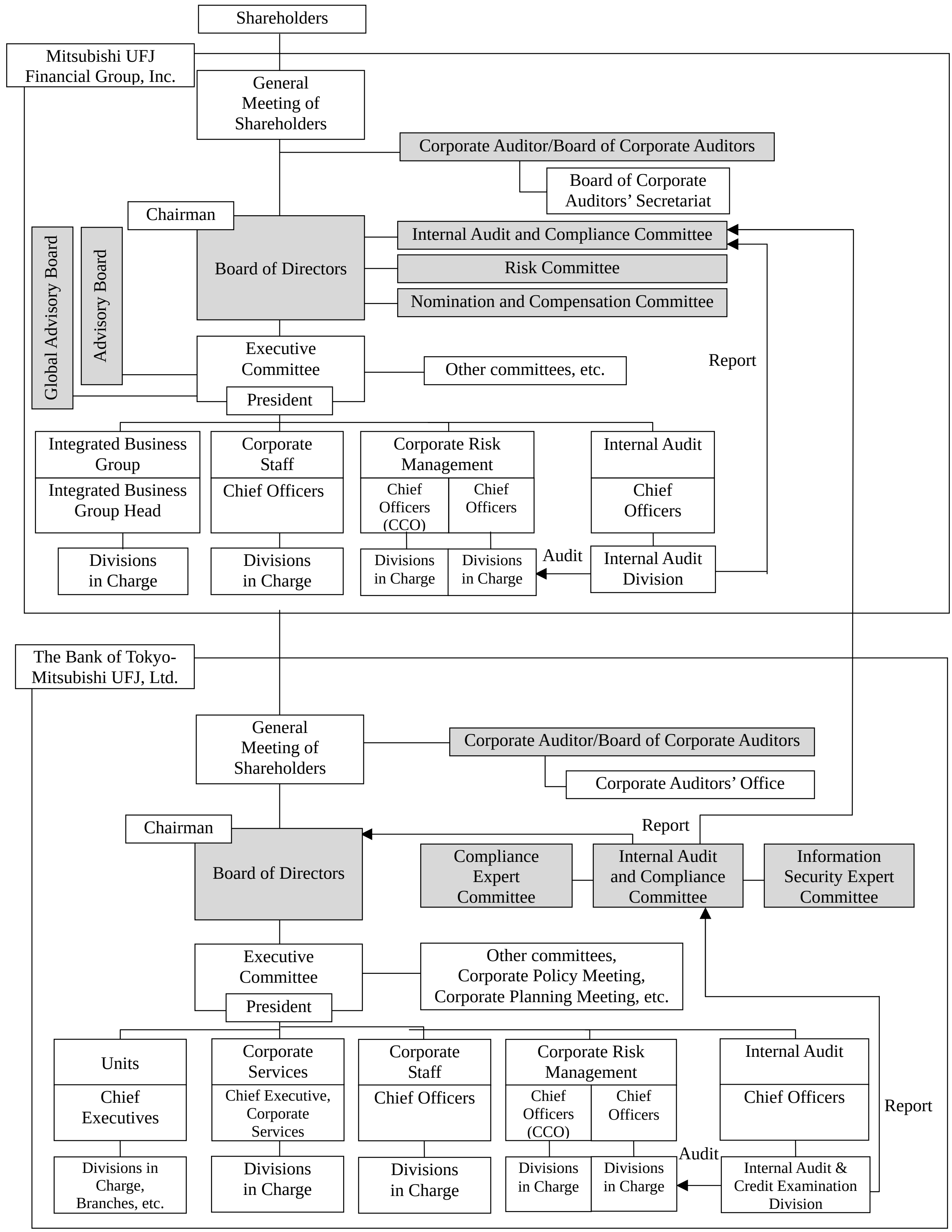
d) Executive Committee

The Bank has established the Executive Committee under the Board of Directors. The Executive Committee discusses and decides important matters including policies on the execution of entire management control based on the basic policies determined by the Board of Directors. The Executive Committee meets once a week in principle.

e) Other Committees under the Executive Committee

To contribute to discussions at the Executive Committee, various committees under the Executive Committee have been established, and important matters relating to risk management, business operations, personnel/labor and other issues have been discussed regularly at such committees. For example, Risk Management Committee, Compliance Committee, Information Security Management Committee, Credit Committee, ALM Committee, Disclosure Committee, and CSR Promotion Committee have been established.

In addition, as forums to contribute to the discussions at the Executive Committee, the Corporate Policy Meeting that deliberates from time to time important matters regarding overall management and operation and the Corporate Planning Meeting that deliberates regularly annual and semi-annual business/profit plans and other matters have been established.



····· Organization with outside members

*CCO: Chief Compliance Officer

C) Status of implementation of initiatives to enhance the Bank's corporate governance and development of internal control system

Mitsubishi UFJ Financial Group, Inc. has established the Compliance Division as a division to administer matters related to compliance, and also established the Group Compliance Committee and the Internal Audit and Compliance Committee as a voluntary committee consisting mainly of external committee members. Mitsubishi UFJ Financial Group, Inc. has also introduced the "Chief Compliance Officer (CCO)," enabling prompt reporting of group-wide compliance-related matters to the CCO. In addition, the "Group CCO Committee" has been established to promote sharing of compliance-related information among the Group companies and to strengthen the Group's incident prevention controls which realize the proactive response to problematic matters, while further enhancing compliance structure of the Group as a whole. Internal reporting system has been established, in addition to the ordinary reporting line within business organizations, and made available for officers and employees of the Group companies, in order to identify issues early and proactively rectify such issues through timely and proper reporting to the Group CCO Committee and other committees.

The Bank has also established the Compliance & Legal Division as a division to administer compliance as well as the Compliance Committee chaired by the CCO and the Compliance Expert Committee consisting of external experts such as experts of legal and accounting areas to deliberate important matters for the development and strengthening of compliance structure and thus ensure effectiveness of compliance. Furthermore, as the Bank adopts business unit system, it has established the structure to enable compliance management based on actual businesses by establishing department to be responsible for planning and supervision regarding compliance matters in each business unit in cooperation with the Compliance & Legal Division. To prevent money laundering, the Bank has also set up a specialized organization in the Compliance & Legal Division to consolidate related activities.

The Bank has introduced the Balanced Score Card (BSC) as a common platform for all the branches to improve effectiveness of management control and internal control and makes efforts to disseminate it firmly in the Head Office as well as its branches. By utilizing BSC, the Bank aims at the target setting and performance evaluation where "short-term and long-term" as well as "offense and defense" are well-balanced.

In accordance with Article 362, Paragraph 4, Item 6 and Article 362, Paragraph 5 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Act, "systems to ensure the properness of operations of the Company (Internal Control System)" was resolved at the Board of Directors' meeting held in April 2006.

The Bank is committed to enhancing its corporate governance through appropriate responses to address enactments and revisions of laws and regulations in Japan and overseas, and other measures.

D) Compensation to Directors and Corporate Auditors

	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation by type (Millions of yen)				Number of recipients
		Annual compensation	Compensation in the form of subscription rights to share as stock options	Bonuses	Retirement benefits	
Inside Director	1,103	707	187	208	0	15
Outside Director	42	39	2	-	-	3
Inside Corporate Auditor	188	172	13	-	2	4
Outside Corporate Auditor	117	84	3	-	30	6

(Notes) 1. No payment of compensation for Directors and Corporate Auditors of the Bank is made by the consolidated subsidiaries.

2. In addition to the above, the Bank paid retirement pension of ¥226 million and ¥10 million to the Inside Directors and Inside Corporate Auditors, respectively, who retired prior to June 2007.

E) Policies on determination of amount or calculation method of compensation for Directors and Corporate Auditors.

- The Bank, as the core bank of MUFG Group, will provide the highest quality services properly and timely by demonstrating the Group's integrated strength by capitalizing on its operational network both at home and abroad, which is the most extensive among the Japanese banks. Additionally further collaboration with other group companies will be expanded upon, in order to satisfy the increasingly diversified and sophisticated financial needs of customers in the face of turbulent changes in the business environment.
- Our policies on compensation for Directors and Corporate Auditors are designed to enhance the executive motivation for contribution to the improvement in the Bank's performance, not only on a short-term basis but also from a medium-to-long-term perspective with the aim of fulfilling these management policies and supporting sustainable growth. Amounts of compensation are determined at appropriate level in light of the economic and societal circumstances at the time.
- These policies have been determined by the Board of Directors of the Bank in light of the basic policies of the parent Mitsubishi UFJ Financial Group, Inc. (hereinafter "MUFG"), which in turn had been determined by the Board of Directors of MUFG after the deliberation at its Nomination and Compensation Committee.
- The Nomination and Compensation Committee consisting of executives including primarily Outside Directors of MUFG deliberates implementation, revision and abolishment of the systems concerning compensation for Directors and Corporate Auditors of the MUFG, the Bank and relevant subsidiaries, as well as the general matters concerning compensation for Chairpersons, Vice-Chairpersons and Presidents of the Group companies.
- The total amount of annual compensation, compensation in the form of subscription rights to share as stock options and bonuses to be paid to Directors of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Director is decided by the Board of Directors within such determined amount, reflecting the contents of deliberation made by Nomination and Compensation Committee of the MUFG.
- Compensation, etc. for Directors is paid in three different forms: annual compensation, compensation in the form of subscription rights to share as stock options, and bonuses.
- The annual compensation is being paid, in principle, every month in cash according to each rank.
- Compensation in the form of subscription rights to share as stock options, aiming at further motivating Directors to contribute to the improvement of stock price and medium-to-long-term financial performance of MUFG, is paid to the Directors according to each rank. It is being paid once a year by granting subscription rights to shares issued by MUFG which can be exercised from the next day after the day that the term of office expired.
- Outside Directors are excluded from the recipients of subscription rights to share as stock options, in consideration of the nature of their duties.
- Bonuses are paid as a performance-based compensation to further motivate Directors to contribute to the improvement of financial performance based on the Bank's performance and each Director's performance in execution of duties during each fiscal year.

- Outside Directors are excluded from the recipients of the bonuses, in consideration of the nature of their duties.
- The total amount of annual compensation to be paid to Corporate Auditors of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Corporate Auditor is decided within such determined amount, through discussions of Corporate Auditors.
- Corporate Auditors are excluded from being recipients of subscription rights to shares such as stock options and bonuses, in light of the nature of their duties.

F) The contents of agreement stipulated in Article 427, Paragraph 1 of the Companies Act (the liability limitation agreements) in case the Bank has entered into such agreement with its Outside Directors, Outside Corporate Auditors or Accounting Auditors

In accordance with Article 427, Paragraph 1 of the Companies Act, the Bank has entered into agreements with Mr. Teruo Ozaki and Mr. Shuzo Sumi who are Outside Directors and also with all of the Outside Corporate Auditors stipulating that, with respect to the damages set forth in Article 423, Paragraph 1 of the Companies Act, when an Outside Director or an Outside Corporate Auditor acts in good faith and is not grossly negligent in executing their duties, he/she shall assume liability for damages limited by the greater of ¥10 million or the total of the amounts prescribed in each Items of Article 425, Paragraph 1 of the Companies Act.

2) Organization, personnel and procedures of internal audit and audit by Corporate Auditors, and cooperation between internal audit, audit by Corporate Auditors and accounting audit

The Bank defines role of internal audit to “verify and evaluate internal management practices with focus on effectiveness and efficiency of business operation, reliability of financial reporting and compliance with laws and regulations, and report on the evaluation of internal management practices and propose measures to improve problem areas to the management of the Bank.”

Basic matters regarding purposes, authorities and responsibilities, and implementation and reporting of internal audit are stipulated in the regulation established by the Board of Directors. The Bank has set up the Internal Audit & Credit Examination Division under Chief Officers who do not have responsibility for functions other than internal audit, as a division independent of operational divisions. Internal Audit & Credit Examination Division has 505 staff members as of the end of March 2014. The division has the Internal Audit Office to conduct business audits and the Credit Examination Office to conduct credit audits. In addition, for overseas, the Bank established the Internal Audit Office and the Credit Examination Office in the Americas and Europe, and Internal Corporate Auditors have been appointed to major business sites in Asia.

Important matters including basic policies on internal audit plan and result of internal audit implemented are directly reported to the Internal Audit and Compliance Committee from internal audit divisions, and then reported to the Board of Directors after deliberation by the Internal Audit and Compliance Committee. For the implementation of internal audit, the risk-based audit method is adopted to allocate audit resources and to determine scope and degree of verification by type and degree of risks.

The Board of Corporate Auditors and Corporate Auditors, including Outside Corporate Auditors, closely share information and exchange opinions with each other, and audit the Directors’ execution of duties in accordance with the audit policies and audit plans, as described in “B) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems ” above.

In addition, the Corporate Auditors, the Accounting Auditor and the Internal Audit & Credit Examination Division hold meetings for mutual reporting and exchange of opinion among them and share information regarding audit measures and audit results, and strive to strengthen mutual cooperation.

3) Personal relationship, capital relationship, transactional relationship and other conflicts of interests between Outside Directors and Outside Corporate Auditors and the Submitting Company

The Outside Directors and Outside Corporate Auditors have no special conflict of interests with the Bank.

4) Names of certified public accountants who have conducted audit, name of auditing firm to which they

belong, and structure of assistant regarding audit

The certified public accountants who have conducted accounting audit of the Bank are Mr. Yoshiyuki Higuchi, Mr. Hiroyuki Sono, Mr. Takashi Nonaka and Mr. Yukihiro Otani, who belong to Deloitte Touche Tohmatsu LLC. In addition, 73 certified public accountants, 60 assistant certified public accountants, etc. and 42 other staff members have assisted the accounting audit of the Bank.

5) Content of provisions in case the Articles of Incorporation of the Bank set forth provisions regarding the number of Directors or limitation on qualification of Directors, and in case provisions regarding requirements for the resolution on appointment and termination of Directors are different from the Companies Act

The Bank's Articles of Incorporation set forth the following provisions.

・The Bank shall have not more than 20 Directors.
・At the time of the election of the Bank's Directors, there shall be in attendance shareholders who hold voting rights representing in the aggregate one-third or more of the total number of voting rights of all shareholders who are entitled to vote, and no cumulative voting shall be made for the election of Directors.

6) Among matters to be resolved at the General Meeting of Shareholders, those allowed to be resolved by the Board of Directors and the reasons for such provision

The Articles of Incorporation of the Bank set forth that unless otherwise provided for by laws or regulations, the Bank may determine by a resolution of the Board of Directors to acquire its own shares by obtaining consent of the shareholders as provided for in Article 459, Paragraph 1, Item 1 of the Companies Act, on condition that such acquisition is intended to allow its capital policy to operate in a flexible and agile way.

To enable payment of interim dividend to shareholders without holding the General Meeting of Shareholders, the Bank's Articles of Incorporation set forth that by a resolution of the Board of Directors, the Bank may distribute cash dividends from surplus pursuant to Article 454, Paragraph 5 of the Companies Act to the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of September 30 each year.

7) In case requirements for special resolutions of the General Meeting of Shareholders have been changed, detail of such changes and their reasons

For the purpose of smooth operation of the General Meeting of Shareholders, the Bank's Articles of Incorporation set forth that resolutions of a general meeting of shareholders provided for in Article 309, Paragraph 2 of the Companies Act and resolutions of a general meeting of shareholders for which the method of resolution provided for in the said Paragraph shall be applied mutatis mutandis pursuant to the Companies Act and other laws and regulations shall be adopted by an affirmative vote of two-thirds or more of the voting rights of the shareholders in attendance who hold in the aggregate not less than one-third of the total number of voting rights of all shareholders who are entitled to vote.

8) In case the company issues different classes of shares and there are shares with or without voting rights or there are differences in voting rights by class of shares, their details and reasons

To secure flexibility for the Bank's financial policy, the Bank issues preferred stock without voting rights which is different from common stock regarding the contents set forth in Article 108, Paragraph 1, Item 3 of the Companies Act (limitation on voting rights).

(2) Details of Compensation for Audits

1) Details of Compensation for Certified Public Accountants

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Compensation for audit services	Compensation for non-audit services	Compensation for audit services	Compensation for non-audit services
The Bank	1,671	13	1,673	15
Consolidated subsidiaries	190	10	164	5
Total	1,861	23	1,837	20

2) Other important details concerning compensation

The Bank and some of its consolidated subsidiaries including UnionBanCal Corporation pay compensation for audit and non-audit services to audit firms which belong to the same network as the Accounting Auditor of the Bank. The total amount paid for the previous fiscal year was ¥1,737 million, and that for the current fiscal year was ¥2,299 million.

3) Details of non-audit services for the Submitting Company by certified public accountants

The non-audit services for which the Bank paid compensation to the certified public accountants in the previous fiscal year and the current fiscal year include research on internal management with respect to calculation of capital adequacy ratio, verification of the segregated management of customer assets and other audit-related services.

4) Policies concerning compensation for auditors

The compensation for audit is determined by verifying adequacy of audit plan, including audit system, processes and schedules, and estimated hours for audit, etc. submitted by the Accounting Auditors, and with the approval of the Board of Corporate Auditors.

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan
Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd.:

We have audited the accompanying consolidated balance sheets of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank") and its subsidiaries as of March 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2014, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of March 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2014, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2014
(June 26, 2014 as to Note 30)

Consolidated Financial Statements

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2014	2013	2014
ASSETS:			
Cash and due from banks (Notes 3, 4, 11 and 25)	¥ 21,016,862	¥ 9,420,885	$ 204,206
Call loans and bills bought (Note 25)	500,097	416,849	4,859
Receivables under resale agreements (Note 25)	1,060,045	1,121,637	10,300
Receivables under securities borrowing transactions (Note 25)	2,692,330	724,782	26,160
Monetary claims bought (Notes 4, 11 and 25)	3,947,695	3,330,246	38,357
Trading assets (Notes 4, 11 and 25)	5,064,384	6,109,570	49,207
Money held in trust (Notes 5 and 25)	412,263	343,074	4,006
Securities (Notes 4, 6, 11 and 25)	57,422,371	63,334,714	557,932
Loans and bills discounted (Notes 7, 11, 12, 25 and 28)	91,027,750	80,947,236	884,452
Foreign exchange assets (Note 25)	2,033,021	1,413,258	19,753
Tangible fixed assets (Notes 8 and 27):	1,283,040	1,146,190	12,466
Buildings	251,777	226,987	2,446
Land (Note 9)	613,719	590,525	5,963
Lease assets (Note 22)	12,928	14,081	126
Construction in progress	27,483	17,725	267
Other tangible fixed assets	377,132	296,870	3,664
Intangible fixed assets:	1,125,208	661,701	10,933
Software	300,422	283,798	2,919
Goodwill (Note 27)	451,668	258,874	4,389
Lease assets (Note 22)	348	87	3
Other intangible fixed assets	372,769	118,940	3,622
Asset for retirement benefits (Note 15)	221,498	–	2,152
Deferred tax assets (Note 21)	50,008	13,171	486
Customers' liabilities for acceptances and guarantees (Note 10)	7,697,201	7,383,402	74,788
Other assets (Notes 11 and 28)	6,866,026	6,179,368	66,712
Allowance for credit losses (Note 25)	(805,120)	(920,534)	(7,823)
Total assets	¥ 201,614,685	¥ 181,625,557	$ 1,958,946

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2014	2013	2014
LIABILITIES:			
Deposits (Notes 11 and 25)	¥ 132,731,852	¥ 120,153,990	$ 1,289,661
Negotiable certificates of deposit (Note 25)	10,766,064	9,731,585	104,606
Call money and bills sold (Notes 11 and 25)	1,907,740	3,078,930	18,536
Payables under repurchase agreements (Note 25)	10,361,024	7,326,949	100,671
Payables under securities lending transactions (Note 25)	2,108,120	1,139,726	20,483
Commercial paper (Notes 13 and 25)	1,206,790	838,990	11,726
Trading liabilities (Notes 11 and 25)	3,502,134	4,273,508	34,028
Borrowed money (Notes 11, 13 and 25)	8,447,777	6,627,666	82,081
Foreign exchange liabilities (Note 25)	1,128,713	908,428	10,967
Short-term bonds payable (Notes 14 and 25)	–	109,946	–
Bonds payable (Notes 14 and 25)	5,366,219	4,689,978	52,140
Reserve for bonuses	28,612	23,180	278
Reserve for bonuses to directors	147	141	1
Reserve for retirement benefits (Note 15)	–	63,398	–
Liability for retirement benefits (Note 15)	43,679	–	424
Reserve for retirement benefits to directors	440	434	4
Reserve for loyalty award credits	7,104	1,161	69
Reserve for contingent losses	51,764	50,575	503
Reserve under special laws	1,521	948	15
Acceptances and guarantees (Notes 10 and 11)	7,697,201	7,383,402	74,788
Deferred tax liabilities (Note 21)	153,173	17,985	1,488
Deferred tax liabilities for land revaluation (Note 9)	149,763	152,262	1,455
Other liabilities (Notes 11, 13 and 28)	4,213,385	4,393,522	40,939
Total liabilities	¥ 189,873,232	¥ 170,966,715	$ 1,844,863
EQUITY (Notes 16, 17 and 24):			
Common stock:			
Authorized, 33,000,000 thousand shares;			
Issued, 12,350,038 thousand shares in 2014 and 2013, with no stated value	¥ 1,586,958	¥ 1,586,958	$ 15,419
Preferred stock:			
Authorized, 1,157,700 thousand shares;			
Issued, 357,700 thousand shares in 2014 and 2013, with no stated value	125,000	125,000	1,215
Capital surplus	3,878,275	3,878,275	37,682
Retained earnings	3,728,642	3,150,671	36,228
Treasury stock-at cost, 201,700 thousand shares in 2014 and 2013	(255,700)	(255,700)	(2,484)
Total shareholders' equity	9,063,175	8,485,205	88,060
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Notes 4 and 6)	851,931	825,440	8,278
Deferred gain on derivatives under hedge accounting	38,866	101,029	378
Land revaluation surplus (Note 9)	224,619	229,004	2,182
Foreign currency translation adjustments	180,691	(167,028)	1,756
Pension liability adjustments under US GAAP recognized at foreign subsidiaries	–	(59,902)	–
Defined retirement benefit plans (Note 15)	(100,200)	–	(974)
Total accumulated other comprehensive income	1,195,908	928,542	11,620
Minority interests	1,482,369	1,245,093	14,403
Total equity	11,741,453	10,658,841	114,083
Total liabilities and equity	¥ 201,614,685	¥ 181,625,557	$ 1,958,946

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen 2014	Millions of Yen 2013	Millions of Yen 2012	Millions of U.S. Dollars (Note 1) 2014
INCOME:				
Interest income:				
Interest on loans and bills discounted	¥ 1,325,761	¥ 1,263,266	¥ 1,198,182	$ 12,882
Interest and dividends on securities	461,720	493,926	487,401	4,486
Interest on call loans and bills bought	10,087	7,379	6,419	98
Interest on receivables under resale agreements	35,647	29,052	27,103	346
Interest on receivables under securities borrowing transactions	2,680	2,398	2,166	26
Interest on due from banks	42,424	26,899	35,583	412
Other interest income	83,679	83,677	99,202	813
Trust fees	14,243	10,276	10,296	138
Fees and commissions	732,518	687,006	642,781	7,117
Trading income	124,390	142,756	126,762	1,209
Other operating income	413,342	514,666	504,253	4,016
Other income (Note 19)	369,926	174,473	168,738	3,595
Total income	3,616,423	3,435,779	3,308,892	35,138
EXPENSES:				
Interest expenses:				
Interest on deposits	174,368	156,518	149,166	1,694
Interest on negotiable certificates of deposit	30,062	40,365	35,108	292
Interest on call money and bills sold	5,188	5,611	6,648	50
Interest on payables under repurchase agreements	22,804	22,792	18,847	222
Interest on payables under securities lending transactions	1,462	1,975	1,751	14
Interest on commercial paper	2,040	1,837	693	20
Interest on borrowed money	35,544	30,901	37,282	345
Interest on short-term bonds payable	–	456	429	–
Interest on bonds payable	77,312	82,848	91,290	751
Other interest expenses	48,445	59,631	18,403	471
Fees and commissions	133,750	125,956	126,118	1,300
Other operating expenses	163,899	160,717	150,150	1,592
General and administrative expenses	1,532,459	1,425,385	1,341,083	14,890
Provision of allowance for credit losses	–	20,752	75,180	–
Other expenses (Note 20)	192,314	227,113	338,677	1,869
Total expenses	2,419,654	2,362,866	2,390,833	23,510
Income before income taxes and minority interests	1,196,769	1,072,913	918,059	11,628
Income taxes (Note 21):				
Current	281,821	143,588	191,214	2,738
Deferred	98,280	195,654	124,462	955
Total income taxes	380,101	339,242	315,677	3,693
Net income before minority interests	816,667	733,670	602,382	7,935
Minority interests in net income	62,344	60,156	58,058	606
Net income	¥ 754,323	¥ 673,514	¥ 544,324	$ 7,329

	Yen 2014	Yen 2013	Yen 2012	U.S. Dollars 2014
Per share of common stock (Note 24):				
Basic net income per common share	¥ 59.62	¥ 53.07	¥ 42.57	$ 0.58
Diluted net income per common share	59.62	53.07	42.57	0.58
Cash dividends applicable to the year per common share	17.85	11.19	11.64	0.17

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen						Millions of U.S. Dollars (Note 1)	
		2014		2013		2012		2014
Net income before minority interests	¥	816,667	¥	733,670	¥	602,382	$	7,935
Other comprehensive income (Note 23):								
Unrealized gain on available-for-sale securities		28,502		588,952		222,668		277
Deferred gain (loss) on derivatives under hedge accounting		(62,462)		42,254		12,473		(607)
Land revaluation surplus		(166)		(143)		21,360		(1)
Foreign currency translation adjustments		336,274		202,877		(58,223)		3,267
Pension liability adjustments under US GAAP recognized at foreign subsidiaries		27,734		(7,071)		(18,140)		270
Share of other comprehensive income in associates accounted for using the equity method		11,147		12,907		411		108
Total other comprehensive income		341,029		839,776		180,549		3,314
Comprehensive income	¥	1,157,696	¥	1,573,447	¥	782,932	$	11,249
Total comprehensive income attributable to:								
Owners of the parent	¥	1,093,893	¥	1,511,394	¥	725,188	$	10,629
Minority interests		63,802		62,053		57,743		620

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2014, 2013 and 2012

Millions of Yen

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income: Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Pension liability adjustments under US GAAP recognized at foreign subsidiaries	Defined retirement benefit plans	Total accumulated other comprehensive income	Minority interests	Total equity
BALANCE, APRIL 1, 2011	¥ 1,711,958	¥ 3,878,275	¥ 2,299,904	¥ (250,000)	¥ 7,640,138	¥ 2,568	¥ 48,332	¥ 216,668	¥ (314,199)	¥ (34,691)	¥ –	¥ (81,320)	¥ 1,348,627	¥ 8,907,445
Cash dividends	–	–	(214,146)	–	(214,146)	–	–	–	–	–	–	–	–	(214,146)
Net income	–	–	544,324	–	544,324	–	–	–	–	–	–	–	–	544,324
Reversal of land revaluation surplus	–	–	5,128	–	5,128	–	–	–	–	–	–	–	–	5,128
Other changes in the year	–	–	–	–	–	225,156	11,738	16,231	(59,251)	(18,140)	–	175,735	(156,318)	19,416
BALANCE, MARCH 31, 2012	1,711,958	3,878,275	2,635,211	(250,000)	7,975,445	227,725	60,071	232,900	(373,450)	(52,831)	–	94,414	1,192,309	9,262,169
Cash dividends	–	–	(158,323)	–	(158,323)	–	–	–	–	–	–	–	–	(158,323)
Net income	–	–	673,514	–	673,514	–	–	–	–	–	–	–	–	673,514
Purchase of treasury stock	–	–	–	(5,700)	(5,700)	–	–	–	–	–	–	–	–	(5,700)
Reversal of land revaluation surplus	–	–	3,752	–	3,752	–	–	–	–	–	–	–	–	3,752
Change in scope of application of the equity method	–	–	(3,482)	–	(3,482)	–	–	–	–	–	–	–	–	(3,482)
Other changes in the year	–	–	–	–	–	597,714	40,958	(3,895)	206,422	(7,071)	–	834,127	52,784	886,912
BALANCE, MARCH 31, 2013	1,711,958	3,878,275	3,150,671	(255,700)	8,485,205	825,440	101,029	229,004	(167,028)	(59,902)	–	928,542	1,245,093	10,658,841
Cash dividends	–	–	(181,649)	–	(181,649)	–	–	–	–	–	–	–	–	(181,649)
Net income	–	–	754,323	–	754,323	–	–	–	–	–	–	–	–	754,323
Reversal of land revaluation surplus	–	–	4,218	–	4,218	–	–	–	–	–	–	–	–	4,218
Change in scope of application of the equity method	–	–	1,077	–	1,077	–	–	–	–	–	–	–	–	1,077
Other changes in the year	–	–	–	–	–	26,491	(62,162)	(4,385)	347,719	59,902	(100,200)	267,365	237,276	504,641
BALANCE, MARCH 31, 2014	¥ 1,711,958	¥ 3,878,275	¥ 3,728,642	¥ (255,700)	¥ 9,063,175	¥ 851,931	¥ 38,866	¥ 224,619	¥ 180,691	¥ –	¥ (100,200)	¥ 1,195,908	¥ 1,482,369	¥ 11,741,453

Millions of U.S. Dollars (Note 1)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income: Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Pension liability adjustments under US GAAP recognized at foreign subsidiaries	Defined retirement benefit plans	Total accumulated other comprehensive income	Minority interests	Total equity
BALANCE, MARCH 31, 2013	$ 16,634	$ 37,682	$ 30,613	$ (2,484)	$ 82,445	$ 8,020	$ 982	$ 2,225	$ (1,623)	$ (582)	$ –	$ 9,022	$ 12,098	$ 103,565
Cash dividends	–	–	(1,765)	–	(1,765)	–	–	–	–	–	–	–	–	(1,765)
Net income	–	–	7,329	–	7,329	–	–	–	–	–	–	–	–	7,329
Reversal of land revaluation surplus	–	–	41	–	41	–	–	–	–	–	–	–	–	41
Change in scope of application of the equity method	–	–	10	–	10	–	–	–	–	–	–	–	–	10
Other changes in the year	–	–	–	–	–	258	(604)	(43)	3,379	582	(974)	2,598	2,305	4,903
BALANCE, MARCH 31, 2014	$ 16,634	$ 37,682	$ 36,228	$ (2,484)	$ 88,060	$ 8,278	$ 378	$ 2,182	$ 1,756	$ –	$ (974)	$ 11,620	$ 14,403	$ 114,083

See notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2014	2013	2012	2014
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 1,196,769	¥ 1,072,913	¥ 918,059	$ 11,628
Adjustments for:				
Income taxes-paid, net of refund	(105,802)	(249,626)	(115,751)	(1,028)
Depreciation and amortization	181,469	170,397	155,843	1,763
Impairment loss on long-lived assets	3,758	5,142	18,211	37
Amortization of goodwill	18,374	14,867	14,344	179
Equity in earnings of the equity method investees	(14,169)	(15,665)	(6,312)	(138)
(Decrease) increase in allowance for credit losses	(139,038)	(26,940)	14,036	(1,351)
Increase in reserve for bonuses	899	1,122	209	9
Increase (decrease) in reserve for bonuses to directors	5	(4)	3	0
Increase in reserve for retirement benefits	–	1,200	24,278	–
Decrease in asset for retirement benefits	8,623	–	–	84
Decrease in liability for retirement benefits	(36,769)	–	–	(357)
Increase (decrease) in reserve for retirement benefits to directors	20	(11)	(46)	0
Increase (decrease) in reserve for loyalty award credits	57	263	(4)	1
(Decrease) increase in reserve for contingent losses	(462)	(7,308)	3,169	(4)
Interest income (accrual basis)	(1,962,002)	(1,906,599)	(1,856,060)	(19,063)
Interest expenses (accrual basis)	397,230	402,939	359,623	3,860
Gains on securities	(261,752)	(255,102)	(170,122)	(2,543)
Losses on money held in trust	2,505	2,219	5,301	24
Foreign exchange gains	(1,433,240)	(1,710,143)	(172,828)	(13,926)
(Gains) losses on disposition of fixed assets	(3,711)	3,653	2,978	(36)
Decrease (increase) in trading assets	1,121,258	(216,090)	879,726	10,894
(Decrease) increase in trading liabilities	(821,040)	75,633	(113,509)	(7,977)
Adjustment of unsettled trading accounts	(61,343)	69,375	93,188	(596)
Net increase in loans and bills discounted	(6,051,450)	(5,068,172)	(4,919,442)	(58,798)
Net increase in deposits	8,109,608	5,795,599	1,235,515	78,795
Net increase in negotiable certificates of deposit	975,263	532,096	991,356	9,476
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	1,626,170	(516,415)	2,368,478	15,800
Net (increase) decrease in due from banks (excluding cash equivalents)	(11,234,345)	(1,863,025)	1,010,616	(109,156)
Net increase in call loans, bills bought and receivables under resale agreements	(361,516)	(721,366)	(313,702)	(3,513)
Net (increase) decrease in receivables under securities borrowing transactions	(1,967,547)	(417,284)	443,984	(19,117)
Net increase in call money, bills sold and payables under repurchase agreements	1,790,222	2,123,632	2,183,516	17,394
Net increase in commercial paper	344,481	380,063	337,186	3,347
Net increase (decrease) in payables under securities lending transactions	968,393	(1,032,364)	1,547,380	9,409
Net (increase) decrease in foreign exchange assets	(564,971)	51,491	(342,126)	(5,489)
Net increase in foreign exchange liabilities	205,517	24,145	194,975	1,997
Net increase in short-term bonds payable	–	10,993	1,994	–
Increase in straight bonds issuance and redemption	764,438	11,872	273,999	7,427
Interest and dividends received (cash basis)	2,034,134	1,968,597	1,902,134	19,764
Interest paid (cash basis)	(401,220)	(420,547)	(376,768)	(3,898)
Other-net	387,377	99,457	24,933	3,763
Total adjustments	(6,480,572)	(2,681,901)	5,700,313	(62,967)
Net cash (used in) provided by operating activities	¥ (5,283,802)	¥ (1,608,988)	¥ 6,618,372	$ (51,339)

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2014	2013	2012	2014
INVESTING ACTIVITIES:				
Purchases of securities	¥ (122,240,818)	¥ (152,670,963)	¥ (177,686,053)	$ (1,187,727)
Proceeds from sales of securities	95,964,762	139,099,789	158,468,779	932,421
Proceeds from redemption of securities	33,693,044	17,049,139	13,264,746	327,371
Increase in money held in trust	(1,367,762)	(718,988)	(546,824)	(13,289)
Decrease in money held in trust	1,206,150	587,199	477,127	11,719
Purchases of tangible fixed assets	(125,081)	(117,700)	(84,443)	(1,215)
Purchases of intangible fixed assets	(157,602)	(120,298)	(110,240)	(1,531)
Proceeds from sales of tangible fixed assets	30,647	29,209	17,132	298
Proceeds from sales of intangible fixed assets	1,382	197	272	13
Payments for business acquisitions	(388,447)	(1,084)	(230)	(3,774)
Proceeds from business acquisitions	53,033	72,430	–	515
Purchases of equity of subsidiaries	–	(14,711)	–	–
Proceeds from sales of equity of subsidiaries	–	–	1,600	–
Payments for purchases of subsidiaries' equity affecting scope of consolidation	(413,293)	(67,765)	(739)	(4,016)
Proceeds from sales of subsidiaries' equity affecting scope of consolidation	2,399	–	–	23
Other-net	(638)	(2,555)	(300)	(6)
Net cash provided by (used in) investing activities	6,257,777	3,123,896	(6,199,174)	60,802
FINANCING ACTIVITIES:				
Increase in subordinated borrowings	–	32,001	63,000	–
Decrease in subordinated borrowings	(79,500)	(71,000)	(55,500)	(773)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	–	190,000	465,500	–
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(601,993)	(914,066)	(622,196)	(5,849)
Proceeds from issuance of common stock to minority shareholders	3,498	1,069	637	34
Repayments to minority shareholders	(740)	(1,177)	(236)	(7)
Payments for redemption of preferred stock	–	–	(120,000)	–
Cash dividends paid	(177,749)	(158,323)	(214,146)	(1,727)
Cash dividends paid to minority shareholders	(61,561)	(64,206)	(55,902)	(598)
Purchase of treasury stock	–	(5,700)	–	–
Purchases of subsidiaries' treasury stock	–	(970)	–	–
Net cash used in financing activities	(918,046)	(992,372)	(538,844)	(8,920)
Effect of foreign exchange rate changes on cash and cash equivalents	249,969	153,105	(27,657)	2,429
Net increase (decrease) in cash and cash equivalents	305,898	675,641	(147,303)	2,972
Cash and cash equivalents, beginning of year	3,692,657	3,024,292	3,171,595	35,879
Decrease in cash and cash equivalents due to deconsolidation of subsidiaries	–	(7,275)	–	–
Cash and cash equivalents, end of year (Note 4)	¥ 3,998,556	¥ 3,692,657	¥ 3,024,292	$ 38,851

See the accompanying notes to consolidated financial statements.

1.BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank"), which is a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc., have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Law and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards ("IFRSs").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2013 and 2012 consolidated financial statements to conform to the classifications used in 2014.

In accordance with the Companies Act of Japan (the "Companies Act"), all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥102.92 to U.S. $1, the approximate rate of exchange as of March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the "Group"). There were 160 and 144 subsidiaries as of March 31, 2014 and 2013, respectively.

Under the control or influence concept, the companies over which the Bank, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for using the equity method.
Investments in 59 and 57 affiliates were accounted for using the equity method as of March 31, 2014 and 2013, respectively. Investments in the remaining affiliates are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

"Goodwill" is amortized using the straight-line method over a period of 20 years. Insignificant amounts of goodwill are fully charged to income in the fiscal year when it is incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses resulting from intercompany transactions were eliminated.

1) Scope of consolidation

A) Major subsidiaries as of March 31, 2014 and 2013 were as follows:

As of March 31, 2014
kabu.com Securities Co., Ltd.
Bank of Ayudhya Public Company Limited ("Bank of Ayudhya")

As of March 31, 2013
kabu.com Securities Co., Ltd.
UnionBanCal Corporation ("UNBC")

Changes in the subsidiaries in the fiscal year ended March 31, 2014 were as follows:
Twenty-one companies including Bank of Ayudhya were newly included in the scope of consolidation due to acquisition of shares or for other reasons. In addition, five companies including NBL Co., Ltd. were excluded from the scope of consolidation due to the decrease in ownerships of voting rights resulting from the sales of shares.

Changes in the subsidiaries in the fiscal year ended March 31, 2013 were as follows:
Twenty companies including BTMU Liquidity Reserve Investment Limited were newly included due to incorporation. In addition, nine companies including Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. were excluded from the scope of consolidation due to a transfer to affiliates, liquidation or for other reasons.

B) There were no unconsolidated subsidiaries as of March 31, 2014 and 2013.

C) There were no companies which were not regarded as subsidiaries, although the majority of voting rights (execution rights) was owned by the Bank as of March 31, 2014 and 2013.

D) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8, Paragraph 7 of the "Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements" (the "Financial Statements Regulations"), which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity is established and operated for the purpose of asset securitization and satisfies certain eligible criteria as of March 31, 2014 and 2013.

2) Application of the equity method

A) Major affiliates accounted for using the equity method as of March 31, 2014 and 2013 were as follows:

As of March 31, 2014 and 2013
The Chukyo Bank, Ltd.
Jibun Bank Corporation

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2014 were as follows:
Six companies including Vietnam Joint Stock Commercial Bank for Industry and Trade were newly included in affiliates accounted for using the equity method due to new investments or for other reasons. In addition, four companies including Mobit Co., Ltd. were excluded from affiliates accounted for using the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from the sales of shares.

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2013 were as follows:
Seven companies including Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. were newly included in affiliates accounted for using the equity method due to a transfer from subsidiaries, incorporation or for other reasons. In addition, three companies including Senshu Ikeda Holdings, Inc. were excluded from affiliates accounted for using the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from the sales of shares.

B) There were no unconsolidated subsidiaries which were not accounted for using the equity method as of March 31, 2014 and 2013.

C) There were no affiliates not accounted for using the equity method as of March 31, 2014 and 2013.

D) The following companies of which the Group owns the voting rights (execution rights) between 20%

and 50% were not recognized as affiliates accounted for using the equity method, since the Bank's subsidiaries hold such ownerships as venture capital for the purpose of incubating their investees or earning capital gains through business revitalization, not for the purpose of controlling those entities:

As of March 31, 2014 and 2013
Kyoto Constella Technologies Co., Ltd.
Pharma Frontier Co., Ltd.
TECHTOM Ltd.
ERIMAKEE Co., Ltd.
Bio-VisiQ Japan, Inc.

3) The fiscal year ending dates of subsidiaries

A) The fiscal year ending dates of subsidiaries are as follows:

	Number of subsidiaries	
	2014	2013
October 31	1	1
December 31	116	99
January 24	8	8
January 31	1	1
March 31	34	35

B) A subsidiary with fiscal year ending October 31 is consolidated based on the preliminary financial statements as of January 31.

Other subsidiaries are consolidated based on the financial information as of their fiscal year ending dates.

Adjustments are made in the consolidated financial statements to reflect significant transactions occurring in the period between the fiscal year ending dates of subsidiaries and March 31, 2014 and 2013, respectively.

(2) Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

The Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force ("PITF") No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18, May 17, 2006). This PITF permits foreign subsidiaries' financial statements prepared in accordance with either IFRSs or generally accepted accounting principles in the United States of America ("US GAAP") to be used for the consolidation process with certain limitations. PITF No. 18 is applicable to fiscal years beginning on or after April 1, 2008, and the Group adopted this practical solution starting in the year ended March 31, 2009.

Financial statements of foreign subsidiaries prepared in accordance with IFRSs or US GAAP are used in the consolidation. However, when the financial statements of foreign subsidiaries are prepared in accordance with the generally accepted accounting principles in each domicile country which are different from IFRSs or US GAAP, they are adjusted to conform to US GAAP. In addition, necessary adjustments for consolidation are made, if any.

(3) Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, "Cash and cash equivalents" represent "Cash and due from banks" excluding time deposits and negotiable certificates of deposit included in "Due from banks."

(4) Trading Assets or Liabilities, Securities and Money Held in Trust

Securities other than investments in affiliates are classified into three categories, based principally on the Group's intent, as follows:

1) Trading assets or liabilities which are held for the purpose of earning capital gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices and other market indices in the financial instruments or from variation among markets are reported as "Trading assets" or "Trading liabilities" in the consolidated balance sheets at fair value. The related unrealized or realized gains and losses are included in "Trading income (expenses)" in the consolidated statements of income.
2) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (using the straight-line method) based on the moving-average method.
3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gain (loss), net of applicable taxes, reported in a separate component of equity, except for unrealized gain (loss) which is recognized in profit or loss by applying the fair value hedge accounting.

The cost of available-for-sale securities sold is determined based on the moving-average method.

Available-for-sale securities without readily determinable fair value are reported at acquisition cost or amortized cost based on the moving-average method.

For declines in fair value that are not recoverable, securities are reduced to net realizable value by a charge to income.
Securities included in "Money held in trust" are also classified into the three categories outlined above.

The components of trust assets in "Money held in trust" are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gain (loss) is recorded in "Other income (expenses)." Securities as components of trust assets in "Money held in trust" which are held for purposes other than trading or held-to-maturity are recorded at fair value with the unrealized gain (loss) recorded in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

(5) Tangible Fixed Assets

"Tangible fixed assets" are stated at cost less accumulated depreciation. Depreciation of "Tangible fixed assets" of the Bank, except for "Lease assets," is computed using the declining-balance method over the estimated useful lives of the assets. The range of useful lives is principally from 15 to 50 years for "Buildings" and from 2 to 20 years for equipment included in "Other tangible fixed assets."

Depreciation of "Tangible fixed assets" of the subsidiaries is mainly computed using the straight-line method over the estimated useful lives.

Depreciation of "Lease assets" included in "Tangible fixed assets" is computed using the straight-line method over respective lease periods. The residual value of "Lease Assets" is determined using the guaranteed residual value provided by the lease contracts or otherwise no value.

(6) Intangible Fixed Assets

Amortization of "Intangible fixed assets," except for "Lease assets," is calculated using the straight-line method. The capitalized cost of computer software developed/obtained for internal use is amortized using the straight-line method over the estimated useful lives (mainly 3 to 10 years) determined by the Bank or its subsidiaries.

Amortization of "Lease assets" included in "Intangible fixed assets" is computed using the straight-line method over respective lease periods.

(7) Deferred Charges

Bond and stock issuance costs are charged to expense as incurred.

Discounts on bonds issued prior to March 31, 2006 are amortized using the straight-line method over the terms of the bonds. The unamortized portion is deducted from the bonds in accordance with ASBJ PITF No. 19 "Tentative Solution on Accounting for Deferred Assets" (August 11, 2006).

(8) Allowance for Credit Losses

The Bank and its domestic subsidiaries determine the amount of the "Allowance for credit losses" in accordance with the predetermined self-assessment standards and internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in a similar situation ("virtually bankrupt borrowers"), an allowance is provided based on the amount of claims, after the write-offs as stated below, net of the expected amounts of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy ("likely to become bankrupt borrowers"), where cash flows from collection of principal and interest cannot be reasonably estimated, an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are likely to become bankrupt and borrowers requiring close monitoring whose cash flows from collection of principal and interest can be reasonably estimated, an allowance is provided based on the difference between the relevant cash flows discounted by the initial contractual interest rate and the carrying value of the claims.

For other claims, an allowance is provided based on the historical credit losses ratio during the defined periods.

For specified overseas claims, an additional allowance is provided based on the estimated loss resulting from the political and economic conditions of those countries.

The operating branches and assessment divisions implement the self-assessment for all claims in accordance with the Bank's self-assessment standards. The Internal Audit & Credit Examination Division, which is independent from operating divisions, conducts verifications of these assessments.

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less the expected amount of recoveries from collateral and guarantee is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥413,523 million ($4,018 million), ¥501,617 million and ¥550,845 million as of March 31, 2014, 2013 and 2012, respectively.

Other subsidiaries determine the "Allowance for credit losses" based on the necessary amounts considering the historical loss ratio for general claims and the uncollectible amount estimated considering the specific collectability for specific deteriorated claims.

(9) Reserve for Bonuses

"Reserve for bonuses" is provided for estimated payment of bonuses to employees attributable to the respective fiscal year.

(10) Reserve for Bonuses to Directors

"Reserve for bonuses to directors" is provided for estimated payment of bonuses to directors attributable to the respective fiscal year.

(11) Retirement Benefits and Pension Plans

Effective April 1, 2000, the Company adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining

service period. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.
Some overseas branches of the Bank and some subsidiaries adopt the simplified method in determining liability for retirement benefits and net periodic benefit costs.

In May 2012, the ASBJ issued ASBJ Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service cost that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service cost in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service cost that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service cost that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 2. (22)).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of fiscal years beginning on or after April 1, 2013, and for (c) above are effective for the beginning of fiscal years beginning on or after April 1, 2014, or for the beginning of fiscal years beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of fiscal years beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Bank applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, assets for retirement benefits of ¥221,498 million ($2,152 million) and liability for retirement benefits of ¥43,679 million ($424 million) was recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014, decreased by ¥68,031 million ($661 million). The effect on Per Share Information is stated in the respective section.

“Pension liability adjustments under US GAAP recognized at foreign subsidiaries” was separately presented as a component of “Accumulated other comprehensive income” in the consolidated balance sheet as of March 31, 2013, but this account has been included in “Accumulated adjustments for retirement benefits” as of March 31, 2014.

(12) Reserve for Retirement Benefits to Directors

“Reserve for retirement benefits to directors,” which is provided for payments of retirement benefits to directors of certain subsidiaries, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.

(13) Reserve for Loyalty Award Credits

“Reserve for loyalty award credits,” which is provided to meet future use of points granted to “Super IC Card” customers, is recorded based on the estimated future use of unused points.

(14) Reserve for Contingent Losses

“Reserve for contingent losses,” which is provided for possible losses from contingent events related to off-balance sheet and other transactions, is calculated by estimating the impact of such contingent events.

(15) Reserve under Special Laws

"Reserve under special laws" represents a reserve for contingent liabilities from financial instruments transactions set aside in accordance with Article 46-5-1 and Article 48-3-1 of the Financial Instruments and Exchange Act and Article 175 and 189 of the Cabinet Office Ordinance on Financial Instruments Business.

(16) Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies and accounts of the overseas branches of the Bank are translated into Japanese yen primarily at exchange rates in effect on the fiscal year end date, except for investments in affiliates which are translated into Japanese yen at exchange rates in effect on the acquisition dates.

Assets and liabilities denominated in foreign currencies of the subsidiaries are translated into Japanese yen at the exchange rates in effect on the respective fiscal year end date.

(17) Leases

(As lessee)

The Bank and its domestic subsidiaries' finance leases, other than those that are deemed to transfer the ownership of leased property to the lessees which commenced in fiscal years beginning on or after April 1, 2008, are accounted for in a similar way to purchases, and depreciation of "Lease assets" is computed using the straight-line method over the lease term with zero residual value unless residual value is guaranteed in the corresponding lease contracts.

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees, which commenced in fiscal years beginning prior to April 1, 2008, are accounted for in a similar way to operating leases.

(As lessor)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for in a similar way to sales, and income and expenses related to such leases are recognized by allocating interest equivalents to applicable fiscal periods instead of recording sales and costs of goods sold.

(18) Income Taxes

The provision for "Income taxes" is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(19) Derivatives and Hedging Activities

Derivatives are stated at fair value.

1) Hedge accounting for interest rate risks

A) The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from monetary assets and liabilities. Individual hedging or portfolio hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (February 13, 2002) and JICPA Accounting Committee Report No. 14, "Practical Guidelines for Accounting for Financial Instruments" (January 31, 2000), are primarily applied to determine hedged items.

B) With respect to hedging transactions to offset fluctuations in the fair value of fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items individually or collectively by their maturities in accordance with Industry Audit Committee Report No. 24. With respect to hedging transactions to offset fluctuations in fair value of fixed rate bonds classified as available-for-sale securities, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by bond type.

Since material terms related to hedged items and hedging instruments are substantially identical and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms.

C) With respect to hedging transactions to fix the cash flows of forecasted transactions related to floating rate deposits and loans as well as short-term fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by interest rate indices and definite interest rate reset terms in accordance with Industry Audit Committee Report No. 24. Since material terms related to hedged items and hedging instruments are substantially identical and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms. The effectiveness of hedging transactions is also assessed by verifying the correlation of interest rate movement factors.

2) Hedge accounting for foreign currency risks

A) The Bank has adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from monetary assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Audit Committee Report No. 25 "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry" (July 29, 2002). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currency.

B) The Bank has applied portfolio hedging and individual hedging using monetary assets and liabilities denominated in the same foreign currencies and forward exchange contracts for the purpose of hedging foreign currency risks arising from investments in interests in foreign subsidiaries and affiliates, foreign currency denominated securities (other than bonds) and future investments in interest in foreign subsidiaries and affiliates. The Bank has recorded foreign currency translation differences arising from hedging instruments for investments in interests in foreign subsidiaries and affiliates in the account of foreign currency translation adjustments under other comprehensive income and has applied the fair value hedge accounting to foreign currency denominated securities (other than bonds) and the deferred hedge accounting to future investments in interests in foreign subsidiaries.

3) Transactions among consolidated companies

Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the consolidated statements of income and related gains and losses are recognized or deferred under hedge accounting because these derivative transactions are executed, meeting certain criteria under JICPA Industry Audit Committee Reports No. 24 and No. 25 to be regarded as equivalent to external third-party transactions.

(20) Consumption Taxes

National and local consumption taxes are excluded from transaction amounts. Non-deductible portions of consumption taxes on the purchases of "Tangible fixed assets" are expensed when incurred.

(21) Per Share Information

Basic net income per common share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per common share reflects the potential dilution that could occur if securities were exercised or converted into common shares. Diluted net income per common share assumes full conversion of the outstanding convertible notes and bonds at the beginning of the fiscal year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per common share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(22) New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

Major changes from current requirements are as follows:

(*a*) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service cost that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service cost that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(*b*) *Treatment in the statement of income and the statement of comprehensive income*

The revised accounting standard does not change how to recognize actuarial gains and losses and past service cost in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service cost that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service cost that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(*c*) *Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases*

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Bank applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard for (c) above in future applicable periods.

***Accounting Standards for Business Combinations and Consolidated Financial Statements*—**On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major changes from current requirements are as follows:

Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

Presentation of the consolidated balance sheet

In the consolidated balance sheet, “minority interest” under the current accounting standard will be changed to “noncontrolling interest” under the revised accounting standard.

Presentation of the consolidated statement of income

In the consolidated statement of income, “income before minority interest” under the current accounting standard will be changed to “net income” under the revised accounting standard, and “net income” under the current accounting standard will be changed to “net income attributable to owners of the parent” under the revised accounting standard.

Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisioned amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for “transactions with noncontrolling interest,” “acquisition-related costs” and “presentation changes in the consolidated financial statements” are effective for the beginning of fiscal years beginning on or after April 1, 2015. Earlier application is permitted from the beginning of fiscal years beginning on or after April 1, 2014, except for the presentation changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs” is permitted. In retrospective application of the revised standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs,” accumulated effects of retrospective adjustments for all “transactions with noncontrolling interest” and “acquisition-related costs” which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application.

In prospective application, the new standards and guidance for “transactions with noncontrolling interest” and “acquisition-related costs” shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for “provisional accounting treatments for a business combination” is effective for a business combination which will occur on or after the beginning of fiscal years beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of fiscal years beginning on or after April 1, 2014.

The Bank expects to apply early the revised accounting standards and guidance, except for amendments concerning presentation of consolidated balance sheet and consolidated statement of income which will be applied from the beginning of the fiscal year beginning on April 1, 2015, from the beginning of the fiscal year beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

(23) Additional Information

The Bank and certain domestic subsidiaries obtained an approval from the Commissioner of National Tax Agency of Japan for applying the consolidated taxation system making Mitsubishi UFJ Financial Group, Inc. a parent for consolidation purpose from the fiscal year ending March 31, 2015. Accordingly, the Bank has adopted accounting treatments from the fiscal year ended March 31, 2014, presuming adoption of the consolidated taxation system in accordance with ASBJ PITF No. 5 "Tentative Solution on Tax Effect Accounting under Consolidated Taxation System (Part 1)" (March 18, 2011) and ASBJ PITF No. 7 "Tentative Solution on Tax Effect Accounting under Consolidated Taxation System (Part 2)" (June 30, 2010).

3. CASH AND CASH EQUIVALENTS

A reconciliation of "Cash and cash equivalents" at the end of the fiscal year and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2014 and 2013 was as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2014	2013	2014
Cash and due from banks	¥ 21,016,862	¥ 9,420,885	$ 204,206
Less: Time deposits and negotiable certificates of deposit included in due from banks	(17,018,306)	(5,728,227)	(165,355)
Cash and cash equivalents at the end of year	¥ 3,998,556	¥ 3,692,657	$ 38,851

Supplemental Information about Cash Flows

Major components of assets and liabilities of a new subsidiary through acquisition of shares:

Major components of assets and liabilities of Bank of Ayudhya which became a new subsidiary at the inception of consolidation (December 31, 2013) and a reconciliation between acquisition cost of shares of Bank of Ayudhya and net payment for acquisition of Bank of Ayudhya are as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Assets	¥ 4,122,741	$ 40,058
Liabilities	(3,592,066)	(34,902)
Minority interests	(149,202)	(1,450)
Foreign currency translation adjustments	(9,905)	(96)
Goodwill	166,634	1,619
Acquisition cost of shares of Bank of Ayudhya	538,200	5,229
Cash and cash equivalents of Bank of Ayudhya	(124,907)	(1,213)
Net payment for acquisition of Bank of Ayudhya	¥ 413,293	$ 4,016

4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2014 and 2013 include equity securities in affiliates of ¥265,836 million ($2,583 million) and ¥182,816 million, respectively and capital subscriptions to entities such as limited liability companies of ¥2,871 million ($28 million) and ¥3,443 million, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥39,996 million ($389 million) and ¥79,981 million as of March 31, 2014 and 2013, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥2,301,006 million ($22,357 million) and ¥1,224,467 million of such securities were re-pledged as of March 31, 2014 and 2013, respectively, and ¥17,585 million ($171 million) was re-loaned as of March 31, 2014. The remaining ¥5,704,644 million ($55,428 million) and ¥2,954,240 million of these securities were held without disposition as of March 31, 2014 and 2013, respectively.

The following tables include trading securities, short-term bonds, etc. in “Trading assets,” negotiable certificates of deposit in “Cash and due from banks” and beneficial interests in trusts in “Monetary claims bought” in addition to “Securities.”

(1) Trading securities:

Net unrealized losses on trading securities were ¥1,237 million ($12 million) for the year ended March 31, 2014 and net unrealized gains on trading securities were ¥469 million for the year ended March 31, 2013.

(2) Held-to-maturity debt securities with fair value:

	Millions of Yen				
	2014				
March 31	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Foreign bonds	708,053	701,793	(6,260)	2,326	(8,586)
Other	1,732,042	1,765,569	33,527	35,907	(2,379)
Total	¥ 2,440,095	¥ 2,467,363	¥ 27,267	¥ 38,233	¥ (10,965)

	Millions of Yen				
	2013				
March 31	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ –	¥ –	¥ –	¥ –	¥ —
Foreign bonds	89,323	91,602	2,279	2,289	(10)
Other	1,458,103	1,509,489	51,385	51,385	–
Total	¥ 1,547,426	¥ 1,601,091	¥ 53,664	¥ 53,675	¥ (10)

	Millions of U.S. Dollars				
	2014				
March 31	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	$ —	$ —	$ —	$ —	$ —
Foreign bonds	6,879	6,818	(61)	23	(84)
Other	16,829	17,155	326	349	(23)
Total	$ 23,708	$ 23,973	$ 265	$ 372	$ (107)

(3) Available-for-sale securities with fair value:

	Millions of Yen				
	2014				
March 31	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,557,683	¥ 2,406,094	¥ 1,151,588	¥ 1,240,928	¥ (89,339)
Domestic bonds	36,177,563	36,006,203	171,359	175,527	(4,168)
Japanese government bonds	33,857,011	33,736,953	120,058	121,790	(1,731)
Municipal bonds	197,725	191,060	6,665	6,689	(23)
Corporate bonds	2,122,825	2,078,190	44,635	47,048	(2,412)
Foreign equity securities	217,275	137,345	79,929	80,810	(880)
Foreign bonds	13,987,742	14,093,459	(105,716)	56,043	(161,760)
Other	2,886,848	2,867,616	19,232	48,402	(29,169)
Total	¥ 56,827,113	¥ 55,510,720	¥ 1,316,393	¥ 1,601,712	¥ (285,318)

Note: Unrealized gain in the table above includes a gain of ¥2,586 million which was recognized in profit or loss by applying the fair value hedge accounting.

	Millions of Yen				
	2013				
March 31	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,148,214	¥ 2,432,605	¥ 715,609	¥ 860,592	¥ (144,983)
Domestic bonds	44,336,116	44,043,015	293,100	299,012	(5,911)
Japanese government bonds	41,758,049	41,528,623	229,425	230,316	(890)
Municipal bonds	212,006	203,075	8,930	8,934	(4)
Corporate bonds	2,366,059	2,311,315	54,744	59,761	(5,017)
Foreign equity securities	208,276	114,072	94,203	94,233	(30)
Foreign bonds	12,811,724	12,669,013	142,711	162,261	(19,550)
Other	2,642,312	2,582,712	59,600	90,842	(31,242)
Total	¥ 63,146,644	¥ 61,841,419	¥ 1,305,224	¥ 1,506,942	¥ (201,717)

Note: Unrealized loss in the table above includes a loss of ¥79 million resulting from the accounting treatment of embedded derivatives which are not separated from underlying securities.

	Millions of U.S. Dollars				
	2014				
March 31	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	$ 34,567	$ 23,378	$ 11,189	$ 12,057	$ (868)
Domestic bonds	351,511	349,846	1,665	1,705	(40)
Japanese government bonds	328,964	327,798	1,166	1,183	(17)
Municipal bonds	1,921	1,856	65	65	(0)
Corporate bonds	20,626	20,192	434	457	(23)
Foreign equity securities	2,111	1,335	776	785	(9)
Foreign bonds	135,909	136,936	(1,027)	545	(1,572)
Other	28,050	27,863	187	470	(283)
Total	$ 552,148	$ 539,358	$ 12,790	$ 15,562	$ (2,772)

Note: Unrealized gain in the table above includes a gain of $25 million which was recognized in profit or loss by applying the fair value hedge accounting.

(4) Proceeds from sales of available-for-sale securities and related realized gains and losses for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2014	2013	2014
Sales proceeds	¥ 94,089,322	¥ 137,982,468	$ 914,199
Realized gains	420,155	410,286	4,082
Realized losses	145,127	89,495	1,410

(5) Reclassified securities

An overseas subsidiary whose fiscal year end is December 31 reclassified its securitized products of ¥444,487 million ($4,319 million) at the market value which had been previously classified as “Available-for-sale securities” to “Held-to-maturity debt securities” during the year ended March 31, 2014 in accordance with Accounting Standards Codification (ASC) 320 “Investments－Debt and Equity Securities” released by the Financial Accounting Standards Board of the U.S. and International Accounting Standard (IAS) No. 39 “Financial Instruments: Recognition and measurement.”
This change was made because their management considered it to be more appropriate to classify these securities as “Held-to-maturity debt securities” as they have the ability and intent to hold to maturity.

The following securities were reclassified from “Available-for-sale securities” to “Held-to-maturity securities” as of March 31, 2014:

	Millions of Yen		
	2014		
March 31	Fair value	Carrying amount	Unrealized gain (loss) on available-for-sale securities recorded on the consolidated balance sheet
Foreign debt securities	¥ 420,870	¥ 425,841	¥ (10,775)

	Millions of U.S. Dollars		
	2014		
March 31	Fair value	Carrying amount	Unrealized gain (loss) on available-for-sale securities recorded on the consolidated balance sheet
Foreign debt securities	$ 4,089	$ 4,138	$ (105)

(6) Impairment loss on securities

Securities other than trading securities and investments in affiliates (excluding those securities without readily determinable fair value), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the consolidated balance sheets.
Impairment losses for the years ended March 31, 2014 and 2013 were ¥9,108 million ($88 million) consisting of ¥7,101 million ($69 million) on equity securities and ¥2,007 million ($20 million) on bonds and ¥71,890 million, consisting of ¥66,055 million on equity securities and ¥5,834 million on bonds, respectively.

The criteria for determining whether the fair value is "significantly declined" are defined based on the asset classification of the issuer in the Bank's internal standards for asset quality self-assessment as follows:

(a) Bankrupt, virtually bankrupt, likely to become bankrupt issuers: Fair value is lower than acquisition cost.
(b) Issuers requiring close monitoring: Fair value has declined by 30% or more of the acquisition cost.
(c) Normal issuers: Fair value has declined by 50% or more of the acquisition cost.

"Bankrupt issuer" means an issuer who has entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses. "Virtually bankrupt issuer" means an issuer who is not legally or formally bankrupt but regarded as substantially in a similar condition. "Likely to become bankrupt issuer" means an issuer who is not legally bankrupt but deemed to have high possibility of becoming bankrupt. "Issuer requiring close monitoring" means an issuer who requires close monitoring of the management. "Normal issuer" means an issuer other than "Bankrupt issuer," "Virtually bankrupt issuer," "Likely to become bankrupt issuer" or "Issuer requiring close monitoring."

5. MONEY HELD IN TRUST

"Money held in trust" classified as trading as of March 31, 2014 and 2013 was as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2014	2013	2014
Carrying amount	¥ 61,589	¥ 58,028	$ 598
Net unrealized (loss) gain	(88)	131	(1)

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2014 and 2013.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2014 and 2013 was as follows:

	Millions of Yen				
	2014				
March 31	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 350,674	¥ 350,181	¥ 493	¥ 493	¥ –

March 31	Millions of Yen 2013 Carrying amount		Acquisition cost		Net unrealized gain (loss)		Unrealized gain		Unrealized loss	
Money held in trust classified as other than trading and held-to-maturity	¥	285,046	¥	284,555	¥	490	¥	490	¥	–

March 31	Millions of U.S. Dollars 2014 Carrying amount		Acquisition cost		Net unrealized gain (loss)		Unrealized gain		Unrealized loss	
Money held in trust classified as other than trading and held-to-maturity	$	3,407	$	3,402	$	5	$	5	$	–

Note: Carrying amount on the consolidated balance sheets is determined based on the fair value calculated using quoted market prices and other information.

6. UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gain (loss) on available-for-sale securities as of March 31, 2014 and 2013 consisted of the following:

March 31	Millions of Yen 2014		2013		Millions of U.S. Dollars 2014	
Unrealized gain:	¥	1,273,233	¥	1,254,204	$	12,371
Available-for-sale securities		1,333,431		1,309,389		12,956
Money held in trust except for trading and held-to-maturity purpose		493		490		5
Securities reclassified from available-for-sale securities into held-to-maturity debt securities		(60,691)		(55,675)		(590)
Deferred tax liabilities:		(428,404)		(437,808)		(4,162)
Unrealized gain on available-for-sale securities before adjustments by ownership share		844,829		816,396		8,209
Minority interests		11,557		12,986		112
Bank's ownership share in unrealized gain (loss) on available-for-sale securities held by affiliates accounted for using the equity method		(4,456)		(3,942)		(43)
Unrealized gain on available-for-sale securities	¥	851,931	¥	825,440	$	8,278

Notes:

1. Unrealized gain (loss) in the table above excludes ¥2,586 million ($25 million) of gains which were recognized in profit or loss by the fair value hedge accounting as of March 31, 2014 and ¥79 million of losses from the accounting treatment for embedded derivatives as of March 31, 2013, respectively.
2. Unrealized gain (loss) in the table above includes ¥19,625 million ($191 million) and ¥6,169 million of unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2014 and 2013, respectively.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥1,202,038 million ($11,679 million) and ¥967,611 million as of March 31, 2014 and 2013, respectively. The total face value of foreign exchanges bills bought which were transferred due to rediscounts of bills amounted to ¥5,711 million ($55 million) and ¥7,203 million as of March 31, 2014 and 2013, respectively.

"Loans and bills discounted" as of March 31, 2014 and 2013 included the following loans:

	Millions of Yen				Millions of U.S. Dollars	
March 31	2014		2013		2014	
Loans to bankrupt borrowers	¥	21,643	¥	70,661	$	210
Non-accrual delinquent loans		948,163		1,059,668		9,213
Loans past due for three months or more		45,690		35,396		444
Restructured loans		468,846		510,388		4,555
Total	¥	1,484,343	¥	1,676,114	$	14,422

Note: Amounts above are stated before the reduction of the allowance for credit losses.

Loans to bankrupt borrowers are loans, after write-offs, to bankrupt borrowers as defined in Article 96-1-3-1 to 5 or 96-1-4 of "the Order for Enforcement of the Corporation Tax Act" (No. 97 in 1965) on which accrued interest income is not recognized ("Non-accrual loans") as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.
Non-accrual delinquent loans represent non-accrual loans other than loans to bankrupt borrowers and loans renegotiated at concessionary terms, which include reduction or deferral of interest due to the borrower's weakened financial condition.

Loans past due for three months or more represent loans whose principal and/or interest payments have been past due for three months or more, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

Restructured loans represent loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and waiver of the claims, due to the borrower's weakened financial condition, excluding loans to bankrupt borrowers, non-accrual delinquent loans and loans past due for three months or more.

8. TANGIBLE FIXED ASSETS

The accumulated depreciation of "Tangible fixed assets" as of March 31, 2014 and 2013 amounted to ¥963,102 million ($9,358 million) and ¥918,385 million, respectively.

Deferred gains on "Tangible fixed assets" not recognized for tax purposes as of March 31, 2014 and 2013 amounted to ¥77,728 million ($755 million) and ¥78,405 million, respectively.

9. LAND REVALUATION SURPLUS

In accordance with the "Act on Revaluation of Land" (the "Act") (No. 34, March 31, 1998), land used for business operations of the Bank has been revalued as of the dates indicated below. The excess of revaluation to carrying value at the time of revaluation, net of income taxes corresponding to the excess which are recognized as "Deferred tax liabilities for land revaluation," is stated as "Land revaluation surplus" in equity.

Date of revaluation: March 31, 1998
The method of revaluation of assets is set forth in Article 3, Paragraph 3 of the "Act":
Fair values are determined based on (1) "Published land price under the Land Price Publication Law" stipulated in Article 2-1 of the "Order for Enforcement on Law on Revaluation of Land" ("Order") (No. 119, March 31, 1998), (2) "Standard land price determined on measurement spots under Order for Enforcement of the National Land Planning Law" stipulated in Article 2-2 of the "Order," (3) "Land price determined using the method established and published by the Director General of the National Tax Agency in order to calculate land value which is used for determining taxable amounts subject to landholding tax articulated in Article 16 of the Landholding Tax Law" stipulated in Article 2-4 of "Order" with price adjustments by shape and time.

The difference between the total fair value of land used for business operations revalued pursuant to Article 10 of the "Act" and book value after revaluation of the relevant land as of March 31, 2014 and 2013 was ¥35,970 million ($349 million) and ¥55,313 million, respectively.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Customers' liabilities for acceptances and guarantees." "Acceptances and guarantees" are shown as contra assets, representing the Bank's right to receive indemnity from the applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with the Article 2-3 of the "Financial Instruments and Exchange Act") as of March 31, 2014 and 2013 were ¥768,614 million ($7,468 million) and ¥1,073,742 million, respectively.

In accordance with the Cabinet Office Ordinance for the Partial Revision of Ordinance for Enforcement of the Banking Law (Cabinet Office Ordinance No. 38, April 17, 2007), "Customers' liabilities for acceptances and guarantees" and "Acceptances and guarantees" of the bonds stated above are offset.

11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2014		2013		2014	
Assets pledged as collateral:						
Cash and due from banks	¥	1,668	¥	1,300	$	16
Securities		1,230,266		1,242,083		11,954
Loans and bills discounted		6,415,353		4,913,989		62,333
Other assets		42,066		156,749		409
Tangible fixed assets		45,742		26,869		444
Total	¥	7,735,097	¥	6,340,992	$	75,156
Relevant liabilities to above assets:						
Deposits	¥	441,252	¥	220,756	$	4,287
Call money and bills sold		530,000		530,000		5,150
Trading liabilities		56,905		77,503		553
Borrowed money		6,390,841		4,718,201		62,095
Bonds payable		23,123		–		225
Other liabilities		–		51,726		–
Acceptances and guarantees		–		244		–
Total	¥	7,442,123	¥	5,598,432	$	72,310

In addition to the above, the following assets are pledged as collateral for cash settlements and other transactions or as deposits for margin accounts of futures and other transactions:

	Millions of Yen				Millions of U.S. Dollars	
	2014		2013		2014	
Assets pledged as collateral:						
Cash and due from banks	¥	2,840	¥	1,852	$	28
Monetary claims bought		258,222		275,110		2,509
Securities		9,323,397		8,758,428		90,589
Loans and bills discounted		8,482,498		6,831,795		82,418
Total	¥	18,066,959	¥	15,867,187	$	175,544

Furthermore, trading assets and securities sold under repurchase agreements or loaned under securities lending with cash collateral were ¥942,507 million ($9,158 million) and ¥8,718,761 million ($84,714 million) as of March 31, 2014 and ¥1,053,933 million and ¥6,464,407 million as of March 31, 2013, respectively.

Relevant payables under repurchase agreements were ¥8,233,042 million ($79,995 million) and ¥6,333,304 million as of March 31, 2014 and 2013, respectively.

Relevant payables under securities lending transactions were ¥2,048,950 million ($19,908 million) and ¥1,106,591 million as of March 31, 2014 and 2013, respectively.

12. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Group has obligations to disburse funds up to predetermined limits upon the borrower's request as long as there has been no breach of contract. The total amount of the unused portion of these facilities were ¥66,687,419 million ($647,954 million) and ¥61,216,101 million as of March 31, 2014 and 2013, respectively.

The total amount of the unused portion does not necessarily represent actual future cash requirements because many of these contracts are expected to expire without being drawn upon. In addition, most of these contracts include clauses which allow the Group to decline the borrower's request for disbursement or decrease contracted limits for cause, such as changes in financial conditions or deterioration in the borrower's creditworthiness. The Group may request the borrowers to pledge real property and/or securities as collateral upon signing of the contract and will perform periodic monitoring on the borrower's business conditions in accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiate the request for additional collateral and/or guarantees.

13. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

"Borrowed money," "Lease liabilities" and "Commercial paper" as of March 31, 2014 and 2013 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2014	2013	2014
Borrowings from banks and other, due 2013-2028, 0.39% on the average	¥ 8,447,777	¥ 6,627,666	$ 82,081
Bills rediscounted	–	–	–
Total borrowed money	¥ 8,447,777	¥ 6,627,666	$ 82,081
Lease liabilities, due 2013-2038	13,582	15,321	132
Commercial paper, 0.18% on the average	1,206,790	838,990	11,726

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance as of March 31. The average interest rate of lease liabilities is not presented above because lease liabilities are recorded on the accompanying consolidated balance sheets at the total amount of lease payments including interest.
2. The borrowings above include subordinated borrowings in the amounts of ¥389,500 million ($3,784 million) and ¥469,000 million as of March 31, 2014 and 2013, respectively.
3. Lease liabilities are included in "Other liabilities" in the accompanying consolidated balance sheets.
4. "Commercial paper" is issued in the form of promissory notes as a fund raising activity.

Annual maturities of borrowings as of March 31, 2014 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2015	¥ 6,145,107	$ 59,708
2016	266,063	2,585
2017	1,201,835	11,677
2018	207,976	2,021
2019	52,765	513
2020 and thereafter	574,028	5,577
Total	¥ 8,447,777	$ 82,081

Annual maturities of lease liabilities as of March 31, 2014 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2015	¥ 3,786	$ 37
2016	2,726	27
2017	2,043	20
2018	865	8
2019	662	6
2020 and thereafter	3,498	34
Total	¥ 13,582	$ 132

14. BONDS PAYABLE

Short-term and long-term bonds payable as of March 31, 2014 and 2013 consisted of the following:

Description	Issued	Millions of Yen 2014	Millions of Yen 2013	Millions of U.S. Dollars 2014	Coupon rate (%)	Secured or unsecured	Due
The Bank:							
9th-152nd series of Straight bonds payable in yen	Feb. 2000- Jan. 2014	¥ 1,325,000 [290,000]	¥ 1,365,000 [240,000]	$ 12,874 [2,818]	0.16-2.69	Unsecured	Apr. 2013-Apr. 2027
Senior bonds payable in US$	Jan. 2010- Mar. 2014	1,285,309 (USD 12,488 million) [102,913]	681,475 (USD 7,246 million) [164,584]	12,488 [1,000]	0.64-4.70	Unsecured	Sep. 2013-Mar. 2044
Euro senior bonds payable in US$	Jul. 2011- Jul. 2012	58,664 (USD 570 million)	53,607 (USD 570 million)	570	1.36-2.13	Unsecured	Jul. 2016-Jul. 2017
Senior bonds payable in A$	Mar. 2012- Sep. 2013	90,430 (AUD 950 million) [28,557]	29,379 (AUD 300 million) [−]	879 [277]	3.76-4.38	Unsecured	Mar. 2015-Sep. 2017
Euro senior bonds payable in A$	Jan. 2011- Jul. 2012	72,344 (AUD 760 million) [39,027]	128,287 (AUD 1,310 million) [53,861]	703 [379]	4.05-5.58	Unsecured	Jan. 2014-Jul. 2017
3rdNo. 2 -38th series of Subordinated bonds payable in yen	May 2003- Sep. 2012	1,371,000 [70,000]	1,683,000 [180,000]	13,321 [680]	0.89-2.91	Unsecured	May 2013-Jan. 2031
Subsidiaries*1:							
Short-term bonds payable	Jan. 2013- Mar. 2013	—	109,946 [109,946]	—	0.25-0.45	Unsecured	Apr. 2013-Jul. 2013
Straight bonds payable	Dec. 1997- Dec. 2013	758,884 (USD 4,123 million) (THB 101,212 million) [252,646]	201,284 (USD 2,308 million) (–) [61,578]	7,374 [2,455]	0.61-6.03	*2	Feb. 2013-Sep. 2022
Subordinated bonds payable	Aug. 1997- Dec. 2012	342,587 (USD 769 million) (THB 84,900 million) [−]	440,138 (USD 2,419 million) (–) [154,682]	3,329 [−]	0.37-6.75	*3	May 2013- Dec. 2036
Undated subordinated bonds payable	Nov. 2005- Nov. 2009	62,000	107,800	602	1.05-3.26	Unsecured	–
Total		¥ 5,366,219	¥ 4,799,925	$ 52,140			

Notes:

1. The bonds payable above include subordinated bonds payable in the amounts of ¥1,775,587 million ($17,252 million) and ¥2,230,938 million as of March 31, 2014 and 2013, respectively.
2. *1 Subsidiaries include UNBC, BTMU (Curacao) Holdings N.V., BTMU Capital Corporation, Bank of Ayudhya, UFJ Finance Aruba A.E.C. and NBL Co., Ltd.
3. *2 The straight bonds payable include three issues of secured straight bonds payable issued by a subsidiary. Other issues are unsecured.
4. *3 The subordinated bonds payable include one issue of secured subordinated bonds payable issued by the subsidiaries. All other bonds payable are unsecured.
5. (   ) denotes the amounts of foreign currency denominated bonds payable.
6. [   ] denotes the amounts expected to be redeemed within one year.
7. The following is a summary of maturities of bonds subsequent to March 31, 2014:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2015	¥ 783,145	$ 7,609
2016	665,064	6,462
2017	1,097,228	10,661
2018	426,040	4,140
2019	445,772	4,331
2020 and thereafter	1,948,968	18,937
Total	¥ 5,366,219	$ 52,140

15. LIABILITY FOR RETIREMENT BENEFITS

The Bank and its domestic subsidiaries have retirement benefit plans with defined benefits, such as defined benefit corporate pension plans, welfare pension funds and lump-sum severance payment plans. In certain cases of severance of employees, additional severance benefits may be paid which are not included in retirement benefit obligations calculated actuarially pursuant to applicable accounting standard for retirement benefits.

Certain overseas branches of the Bank and certain overseas subsidiaries also have benefit plans with defined benefits.

Year Ended March 31, 2014

Defined Benefit Plans:

(1) The changes in defined benefit obligation for the year ended March 31, 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 1,647,395	$ 16,007
[of which foreign exchange translation adjustments]	(59,666)	(580)
Service cost	42,118	409
Interest cost	30,710	298
Actuarial gains	(58,838)	(572)
Benefits paid	(75,549)	(734)
Past service cost	963	9
Others	14,553	142
Balance at end of year	¥ 1,601,353	$ 15,559

Note: Some overseas branches of the Bank and some overseas subsidiaries adopt the simplified method in calculating the projected benefit obligation.

(2) The changes in plan assets for the year ended March 31, 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 1,608,148	$ 15,625
[of which foreign exchange translation adjustments]	(48,625)	(472)
Expected return on plan assets	55,491	539
Actuarial gains	106,304	1,033
Contributions from the employer	68,232	663
Benefits paid	(63,472)	(617)
Others	4,468	44
Balance at end of year	¥ 1,779,172	$ 17,287

(3) A reconciliation between liability for retirement benefits and asset for retirement benefits recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	¥ 1,569,253	$ 15,247
Plan assets	(1,779,172)	(17,287)
	(209,919)	(2,040)
Unfunded defined benefit obligation	32,099	312
Net liability (asset) arising from defined benefit obligation	¥ (177,819)	$ (1,728)

		Millions of Yen		Thousands of U.S. Dollars
Liability for retirement benefits	¥	43,679	$	424
Asset for retirement benefits		(221,498)		(2,152)
Net liability (asset) arising from defined benefit obligation	¥	(177,819)	$	(1,728)

(4) The components of net periodic retirement benefit costs for the year ended March 31, 2014 were as follows:

		Millions of Yen		Thousands of U.S. Dollars
Service cost	¥	42,118	$	409
Interest cost		30,710		298
Expected return on plan assets		(55,491)		(539)
Amortization of past service cost		(4,222)		(41)
Recognized actuarial losses		38,544		375
Others (additional temporary severance benefits)		7,336		71
Net periodic retirement benefit costs	¥	58,996	$	573

Note: Retirement benefit costs of some overseas branches of the Bank and some overseas subsidiaries which adopt the simplified method are included in "Service cost."

(5) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

		Millions of Yen		Thousands of U.S. Dollars
Unrecognized past service cost	¥	16,426	$	160
Unrecognized actuarial (gains) losses		(185,206)		(1,800)
Total	¥	(168,779)	$	(1,640)

(6) Plan assets

a. Components of plan assets

Plan assets consisted of the following:

Domestic equity investments	27.88%
Domestic debt investments	25.95
Foreign equity investments	23.08
Foreign debt investments	7.90
General account of life insurance	8.41
Others	6.78
Total	100.00%

Note: Total plan assets include retirement benefit trust of 14.90% which was set up on corporate pension plans.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering allocation of the plan assets expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(7) Assumptions used for the year ended March 31, 2014 were set forth as follows:

Discount rate:	
Domestic	0.40%-1.50%
Overseas	3.30%-11.29%
Expected salary increase rate:	
Domestic	3.20%-5.60%
Overseas	0.60%-10.00%
Expected rate of return on plan assets:	
Domestic	0.68%-3.24%
Overseas	3.60%-8.68%

Defined Contribution Plans:

The amount of the required contribution to the defined contribution plans, including welfare pension fund of the multiemployer plans of the Bank and subsidiaries, was ¥6,867 million ($67 million).

Year Ended March 31, 2013

Reserve for retirement benefits at March 31, 2013 consisted of the following:

	Millions of Yen
Projected benefit obligation	¥ (1,587,728)
Fair value of plan assets	1,559,522
Unfunded projected benefit obligation	(28,205)
Unrecognized actual gain	254,750
Unrecognized past service cost	(21,701)
Net amount recorded on the consolidated balance sheet	204,843
Prepaid pension cost	268,241
Reserve for retirement benefits	¥ (63,398)

Note: Some overseas branches of the Bank and some overseas subsidiaries adopt the simplified method in calculating the projected benefit obligation.

The components of net periodic retirement benefit costs for the year ended March 31, 2013 were as follows:

	Millions of Yen
Service cost	¥ 37,177
Interest cost	31,392
Expected return on plan assets	(46,782)
Amortization of unrecognized past service cost	(6,339)
Amortization of unrecognized actuarial gain	53,577
Other (additional severance benefits temporary)	10,089
Net periodic retirement benefit costs	¥ 79,116

Assumptions used for the year ended March 31, 2013, were set forth as follows:

Discount rate	The Bank and domestic subsidiaries	0.30%-1.50%
	Overseas subsidiaries	3.80%-7.00%
Expected rate of return on plan assets	The Bank and domestic subsidiaries	0.95%-3.25%
	Overseas subsidiaries	3.80%-8.00%
Interperiod allocation method of estimated retirement benefits		Straight-line method over the period
Amortization period of unrecognized past service costs		Mainly 10 years (using the straight-line method within the employees' average remaining service period upon the incurrence)
Amortization period of unrecognized actuarial gain (loss)		Mainly 10 years (using the straight-line method within the employees' average remaining service period, commencing on the following fiscal year of the incurrence)

16. CAPITAL REQUIREMENT

Japanese banks are subject to the Banking Law and to the Companies Act.

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all of the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

(2) Increases/Decreases and Transfer of Capital Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as capital reserve (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and capital reserve equals 100% of capital stock.
Under the Companies Act and the Banking Law, the aggregate amount of capital reserve and legal reserve that exceeds 100% of the capital stock may be made available for dividends by resolution of the shareholders after transferring such excess to other capital surplus and other retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of capital reserve and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

17. CAPITAL STOCK AND DIVIDENDS PAID

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the years ended March 31, 2014 and 2013 were as follows:

	Number of shares in thousands				
	April 1, 2013	Increase	Decrease	March 31, 2014	Note
Outstanding shares issued:					
Common stock	12,350,038	–	–	12,350,038	
Preferred stock–first series of Class 2	100,000	–	–	100,000	
Preferred stock–first series of Class 4	79,700	–	–	79,700	
Preferred stock–first series of Class 6	1,000	–	–	1,000	
Preferred stock–first series of Class 7	177,000	–	–	177,000	
Total	12,707,738	–	–	12,707,738	
Treasury stock:					
Preferred stock–first series of Class 2	100,000	–	–	100,000	
Preferred stock–first series of Class 4	79,700	–	–	79,700	
Preferred stock–first series of Class 6	1,000	–	–	1,000	
Preferred stock–first series of Class 7	21,000	–	–	21,000	
Total	201,700	–	–	201,700	

	Number of shares in thousands				
	April 1, 2012	Increase	Decrease	March 31, 2013	Note
Outstanding shares issued:					
Common stock	12,350,038	–	–	12,350,038	
Preferred stock–first series of Class 2	100,000	–	–	100,000	
Preferred stock–first series of Class 4	79,700	–	–	79,700	
Preferred stock–first series of Class 6	1,000	–	–	1,000	
Preferred stock–first series of Class 7	177,000	–	–	177,000	
Total	12,707,738	–	–	12,707,738	
Treasury stock:					
Preferred stock–first series of Class 2	100,000	–	–	100,000	
Preferred stock–first series of Class 4	79,700	–	–	79,700	
Preferred stock–first series of Class 6	–	1,000	–	1,000	1
Preferred stock–first series of Class 7	21,000	–	–	21,000	
Total	200,700	1,000	–	201,700	

Note 1: Increase in treasury stock of preferred stock-first series of Class 6 results during the year ended March 31, 2013 from acquisition of all the shares of 1,000 thousand pursuant to the provision of call.

There was no issuance of stock acquisition rights and treasury stock acquisition rights.

The Bank paid the following cash dividends during the fiscal years ended March 31, 2014 and 2013:

<u>Year ended March 31, 2014:</u>

The following cash dividend payments were approved at the shareholders' meeting held on June 26, 2013:

Cash dividends approved at the shareholders' meeting held on June 26, 2013:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 69,036	¥ 5.59	Mar. 31, 2013	Jun. 26, 2013
Preferred stock–first series of Class 7	8,970	57.50	Mar. 31, 2013	Jun. 26, 2013
Total	¥ 78,006			

Cash dividends approved at the shareholders' meeting held on June 26, 2013:	Total amount (Millions of U.S. Dollars	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 671	$ 0.05	Mar. 31, 2013	Jun. 26, 2013
Preferred stock–first series of Class 7	87	0.56	Mar. 31, 2013	Jun. 26, 2013
Total	$ 758			

Cash dividends approved at the Board of Directors' meeting held on November 14, 2013:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 90,772	¥ 7.35	Sep. 30, 2013	Nov. 15, 2013
Preferred stock–first series of Class 7	8,970	57.50	Sep. 30, 2013	Nov. 15, 2013
Total	¥ 99,742			

Cash dividends approved at the Board of Directors' meeting held on November 14, 2013:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 882	$ 0.07	Sep. 30, 2013	Nov. 15, 2013
Preferred stock–first series of Class 7	87	0.56	Sep. 30, 2013	Nov. 15, 2013
Total	$ 969			

The following dividends in kind (equity securities owned by the Bank) to be distributed to Mitsubishi UFJ Financial Group were approved at the extraordinary shareholders' meeting held on March 3, 2014 and executed on March 7, 2014.

Dividends in kind approved at the extraordinary shareholders' meeting held on March 3, 2014:	Total carrying amount of property dividends (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 3,899	¥ 0.31	—	March 7, 2014

Dividends in kind approved at the extraordinary shareholders' meeting held on March 3, 2014:	Total carrying amount of property dividends (Millions of U.S. Dollars)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	$ 38	$ 0	—	March 7, 2014

Year ended March 31, 2013:

The following cash dividend payments were approved at the shareholders' meeting held on June 27, 2012:

Cash dividends approved at the shareholders' meeting held on June 27, 2012:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 71,012	¥ 5.75	Mar. 31, 2012	Jun. 27, 2012
Preferred stock–first series of Class 6	105	105.45	Mar. 31, 2012	Jun. 27, 2012
Preferred stock–first series of Class 7	8,970	57.50	Mar. 31, 2012	Jun. 27, 2012
Total	¥ 80,088			

Cash dividends approved at the Board of Directors' meeting held on November 14, 2012:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 69,160	¥ 5.60	Sep. 30, 2012	Nov. 15, 2012
Preferred stock–first series of Class 6	105	105.45	Sep. 30, 2012	Nov. 15, 2012
Preferred stock–first series of Class 7	8,970	57.50	Sep. 30, 2012	Nov. 15, 2012
Total	¥ 78,235			

18. STOCK OPTIONS

There was no stock option outstanding as of March 31, 2014.

19. OTHER INCOME

Other income for the years ended March 31, 2014, 2013 and 2012 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
Years ended March 31	2014	2013	2012	2014
Gains on sales of equity securities and other securities	¥ 133,904	¥ 20,917	¥ 35,234	$ 1,301
Gains on sales of shares of affiliates	6,895	12,047	7,713	67
Gain on reversal of allowance for credit losses	74,570	—	—	725
Gains on collection of bad debts	40,817	34,260	44,892	397
Other	113,739	107,248	80,897	1,105
Total	¥ 369,926	¥ 174,473	¥ 168,738	$ 3,595

20. OTHER EXPENSES

Other expenses for the years ended March 31, 2014, 2013 and 2012 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
Years ended March 31	2014	2013	2012	2014
Losses on write-down or sales of equity securities and other securities	¥ 22,267	¥ 81,680	¥ 129,185	$ 216
Settlement package	24,537	—	—	239
Loss on sales of shares of affiliates	330	1,099	—	3
Write-offs of loans	72,268	72,737	106,060	702
Loss on disposal of fixed assets	6,388	8,078	8,189	62
Other	66,523	63,517	95,242	647
Total	¥ 192,314	¥ 227,113	¥ 338,677	$ 1,869

21. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.01% for the years ended March 31, 2014 and 2013 and 40.57% for the year ended March 31, 2012.

The tax effects of significant temporary differences which resulted in "Deferred tax assets and liabilities" as of March 31, 2014, 2013 and 2012 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2014	2013	2012	2014
Deferred tax assets:				
Excess over deductible limit of provision of allowance for credit losses and written-off of loans	¥ 381,906	¥ 441,402	¥ 448,483	$ 3,711
Revaluation loss on securities	103,862	137,570	181,123	1,009
Reserve for retirement benefits	—	97,302	90,168	—
Unrealized losses on available-for-sale securities	51,813	38,922	87,701	503
Tax loss carryforwards	11,812	9,181	25,056	115
Liability for retirement benefits	155,354	—	—	1,509
Other	312,739	349,964	510,598	3,039
Subtotal	1,017,488	1,074,344	1,343,131	9,886
Less valuation allowances	(207,181)	(267,833)	(344,045)	(2,013)
Total	¥ 810,307	¥ 806,510	¥ 999,086	$ 7,873
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	¥ (472,776)	¥ (464,842)	¥ (261,025)	$ (4,593)
Revaluation gain on securities at merger	(70,688)	(67,615)	(40,654)	(687)
Deferred gains on derivatives under hedge accounting	(24,878)	(62,310)	(45,624)	(242)
Unrealized gain on lease transactions	(82,665)	(59,845)	(54,717)	(803)
Gain on establishment of retirement benefit trust	(58,082)	(57,962)	(57,971)	(564)
Retained earnings of overseas subsidiaries	(28,714)	(24,416)	(21,141)	(279)
Other	(175,665)	(74,331)	(72,214)	(1,707)
Total	¥ (913,472)	¥ (811,324)	¥ (553,349)	$ (8,875)
Net deferred tax assets	¥ (103,165)	¥ (4,813)	¥ 445,737	$ (1,002)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2014, 2013 and 2012 was as follows:

	2014	2013	2012
Normal effective statutory tax rate	38.01%	38.01%	40.57%
Change in valuation allowances	(5.44)	(3.36)	(6.69)
Tax rate difference of overseas subsidiaries	(2.48)	(2.44)	(3.33)
Permanent non-taxable differences (e.g., non-taxable dividend income)	(1.91)	(1.59)	(1.83)
Elimination of dividends received from subsidiaries	0.27	0.12	0.26
Addition of deferred tax liabilities resulting from tax rate changes	1.01	–	4.99
Other-net	2.30	0.87	0.41
Actual effective tax rate	31.76%	31.61%	34.38%

"Partial amendments to Income Tax Act, etc." (Act No. 10, 2014) was proclaimed on March 31, 2014, and the Earthquake Recovery Special Tax will be abolished from the fiscal year beginning on or after April 1, 2014. As a result, the statutory tax rate to be used in computing deferred tax assets and liabilities will be reduced from approximately 38.01% to 35.64% for the temporary differences estimated to be eliminated in the fiscal year beginning on or after April 1, 2014. The effect of this change was a decrease in deferred tax assets by ¥198 million ($2 million) and an increase in deferred tax liabilities by ¥11,966 million ($116 million) and unrealized gain on available-for-sale securities by ¥32 million ($0 million) in the consolidated balance sheet as of March 31, 2014, and an increase in income taxes—deferred in the consolidated statement of income for the fiscal year ended March 31, 2014 by ¥12,197 million ($119 million).

22. LEASES

(1) Lessee

Finance leases

The Group leases various tangible and intangible fixed assets under finance lease arrangements.

The Bank and its domestic subsidiaries accounts for finance leases other than those that are deemed to transfer the ownership of leased property to the lessee, which commenced in fiscal years beginning before April 1, 2008, in a similar way to operating leases as permitted by the revised accounting standard.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, liabilities under finance leases and depreciation expense of finance leases that existed at April 1, 2008 and other than those that are deemed to transfer the ownership of leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2014 and 2013 was as follows:
Note that leased property of certain foreign subsidiaries which account for finance leases as purchase transactions is excluded from the following table:

	Millions of Yen					
	2014			2013		
March 31	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Tangible fixed assets	¥ 12,287	¥ 10,553	¥ 1,733	¥ 16,399	¥ 12,928	¥ 3,470
Intangible fixed assets	182	182	—	182	152	30
Total	¥ 12,469	¥ 10,736	¥ 1,733	¥ 16,582	¥ 13,080	¥ 3,501

	Millions of U.S. Dollars		
	2014		
March 31	Acquisition cost	Accumulated depreciation	Net leased property
Tangible fixed assets	$ 119	$ 102	$ 17
Intangible fixed assets	2	2	—
Total	$ 121	$ 104	$ 17

Note 1: The acquisition costs include interest expense since the future lease payments are immaterial when compared to

the balance of the "Tangible fixed assets" as of March 31, 2014 and 2013.

Note 2: Future lease payments include interest expense since the future lease payments are immaterial when compared to the balance of the "Tangible fixed assets" as of March 31, 2014 and 2013.

Liabilities under finance leases:

	Millions of Yen		Millions of U.S. Dollars
March 31	2014	2013	2014
Due within one year	¥ 1,445	¥ 1,762	$ 14
Due after one year	287	1,738	3
Total	¥ 1,733	¥ 3,501	$ 17

Total lease payments under finance leases for the years ended March 31, 2014 and 2013 were ¥1,757 million ($17 million) and ¥2,738 million, respectively.

Depreciation expense under finance leases:

	Millions of Yen		Millions of U.S. Dollars
Year ended March 31	2014	2013	2014
Depreciation expense	¥ 1,757	¥ 2,738	$ 17

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed using the straight-line method over the lease term with zero residual value.

Operating leases

Future lease payments including interest expense under non-cancelable operating leases as of March 31, 2014 and 2013 were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2014	2013	2014
Due within one year	¥ 40,286	¥ 32,707	$ 391
Due after one year	226,072	201,073	2,197
Total	¥ 266,359	¥ 233,781	$ 2,588

(2) Lessor

Operating leases

Future lease receivables including interest receivables under non-cancelable operating leases as of March 31, 2014 and 2013 were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2014	2013	2014
Due within one year	¥ 28,637	¥ 22,999	$ 278
Due after one year	95,216	75,749	925
Total	¥ 123,854	¥ 98,749	$ 1,203

23. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014, 2013 and 2012 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2014	2013	2012	2014
Unrealized gain on available-for-sale securities:				
Gain arising during the year	¥ 233,302	¥ 1,079,320	¥ 508,929	$ 2,267
Reclassification adjustments to profit or loss	(207,820)	(235,970)	(164,550)	(2,019)
Amount before income tax effect	25,482	843,349	344,378	248
Income tax effect	3,019	(254,397)	(121,710)	29
Total	28,502	588,952	222,668	277
Deferred gain (loss) on derivatives under hedge accounting:				
Gain arising during the year	(104,332)	46,954	43,592	(1,014)
Reclassification adjustments to profit or loss	17,423	19,401	(29,197)	169
Adjustments to acquisition costs of assets	(9,905)	–	–	(96)
Amount before income tax effect	(96,813)	66,356	14,394	(941)
Income tax effect	34,350	(24,101)	(1,921)	334
Total	(62,462)	42,254	12,473	(607)
Land revaluation surplus:				
Gain arising during the year	–	–	–	–
Reclassification adjustments to profit or loss	–	–	–	–
Amount before income tax effect	–	–	–	–
Income tax effect	(166)	(143)	21,360	(1)
Total	(166)	(143)	21,360	(1)
Foreign currency translation adjustments:				
Loss arising during the year	336,274	202,899	(61,174)	3,267
Reclassification adjustments to profit or loss	0	(22)	2,950	0
Amount before income tax effect	336,274	202,877	(58,223)	3,267
Income tax effect	–	–	–	–
Total	336,274	202,877	(58,223)	3,267
Pension liability adjustments under US GAAP recognized at foreign subsidiaries:				
Loss arising during the year	41,009	(17,500)	(36,563)	399
Reclassification adjustments to profit or loss	14,101	10,233	5,473	137
Amount before income tax effect	55,110	(7,267)	(31,089)	536
Income tax effect	(27,376)	195	12,949	(266)
Total	27,734	(7,071)	(18,140)	270
Share of other comprehensive income in associates accounted for using the equity method:				
Gain arising during the year	12,474	14,163	1,277	121
Reclassification adjustments to profit or loss	(1,327)	(1,255)	(866)	(13)
Total	11,147	12,907	411	108
Total other comprehensive income	¥ 341,029	¥ 839,776	¥ 180,549	$ 3,314

24. PER SHARE INFORMATION

	Yen			U.S. Dollars
March 31	2014	2013	2012	2014
Total equity per share	¥ 798.38	¥ 729.93	¥ 620.62	$ 7.76

Note: As noted in Note 2, the Bank has applied ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," effective March 31, 2014 and followed the transitional treatment prescribed in Paragraph 37 of the Accounting Standard. As a result, total equity per share as of March 31, 2014 decreased by ¥5.50.

	Yen			U.S. Dollars
Years ended March 31	2014	2013	2012	2014
Net income per common share	¥ 59.62	¥ 53.07	¥ 42.57	$ 0.58
Diluted net income per common share	59.62	53.07	42.57	0.58

Note: Net income per share and diluted net income per share are calculated based on the following:

	Millions of Yen			Millions of U.S. Dollars
Years ended March 31	2014	2013	2012	2014
Net income	¥ 754,323	¥ 673,514	¥ 544,324	$ 7,329
Amount not attributable to common shareholders	(17,940)	(18,045)	(18,478)	(174)
Of which, preferred dividends	(17,940)	(18,045)	(18,478)	(174)
Net income attributable to common shares	736,383	655,468	525,846	7,155

	Number of shares in thousands		
Years ended March 31	2014	2013	2012
Average number of common shares during the year	12,350,038	12,350,038	12,350,038

	Millions of Yen			Millions of U.S. Dollars
Years ended March 31	2014	2013	2012	2014
Diluted net income per share				
Adjustment to net income	¥ (3)	¥ (3)	¥ (0)	$ (0)

Outline of dilutive shares which were not included in the calculation of "Diluted net income per share" for the year ended March 31, 2012, since they do not have dilutive effect, was as follows:

Year ended March 31, 2012

- Stock options issued by a subsidiary
  kabu.com Securities Co., Ltd.

	2006 Stock Option
Date of grant	March 31, 2006
Expiry date	June 30, 2012
Exercise price	¥ 1,636
Number of options initially granted	1,438
Outstanding number of options as of March 31, 2012	790

Total equity per share is calculated based on the following:

March 31	Millions of Yen 2014	2013	2012	Millions of U.S. Dollars 2014
Total equity	¥ 11,741,453	¥ 10,658,841	¥ 9,262,169	$ 114,083
Deductions from total equity:				
Minority interests	1,482,369	1,245,093	1,192,309	14,403
Preferred shares	390,000	390,000	395,700	3,789
Preferred dividends	8,970	8,970	9,402	87
Total	1,881,339	1,644,063	1,597,411	18,279
Total equity attributable to common shares	¥ 9,860,113	¥ 9,014,777	¥ 7,664,757	$ 95,804

March 31	Number of shares in thousands 2014	2013	2012
Number of common shares used in computing total equity per share at the fiscal year end	12,350,038	12,350,038	12,350,038

25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Disclosures on Financial Instruments

1) Policy on Financial Instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, securities investment and other securities services and foreign exchange services. In order to prevent these businesses from being negatively affected by fluctuations in interest and foreign exchange rates, the Group conducts comprehensive asset and liability management (ALM) by adjusting market exposure and the balance between short-term and long-term assets and liabilities. To do so, among other things, the Group raises capital from the market and hedges risks through derivative transactions.

2) Nature and Extent of Risks Arising from Financial Instruments

The Bank holds various types of financial instruments such as loans, securities and derivatives and is thus exposed to credit and market risks.

Credit risk is the risk of loss on receivables such as loans due to nonperformance of contractual obligations caused by factors such as deterioration in the financial condition of a borrower.

Market risk mainly arises from changes in domestic and overseas interest rates, foreign exchange rates and fluctuations in market prices of stocks and bonds. For example, an increase in domestic and overseas interest rates would reduce the value of the Bank’s bond portfolio consisting of government and other bonds, and a rise in Japanese yen would reduce the value of foreign currency denominated securities and other assets when converted into Japanese yen. The Bank also invests in marketable equity securities, and a fall in the market price would decrease the fair value of these securities. As part of trading and ALM activities, the Bank holds derivative products such as interest rate swaps. A significant change in foreign exchange or interest rates may cause a significant fluctuation in the fair value of these derivative products. In conducting transactions for purposes of hedging risks associated with derivative products, the Bank hedges against interest rate risks with instruments including forecasted transactions involving fixed and variable rate deposits, loans and bonds through designated hedging methods including interest rate swaps. The Bank hedges against foreign exchange rate fluctuation risks associated with instruments such as foreign currency denominated monetary assets and liabilities through hedging methods including currency swap transactions and forward exchange contracts. In lieu of effectiveness determination, the Bank designs hedging activities so that the material terms of the hedging methods are almost identical to those of the hedged items. In limited circumstances, effectiveness of hedging activities is assessed based on the correlation between factors that cause changes in interest rates.

3) Risk Management for Financial Instruments

Credit Risk Management

The Bank regularly monitors and assesses the credit portfolios and uses credit rating systems and asset self-assessment systems to ensure timely and proper evaluation of credit risk. Based on the credit risk control rules, the Bank has established a credit risk control system throughout the Bank. In addition, the Bank controls credit risks of the whole Group through guidance to the Group companies on each credit risk control system. In screening individual transactions and managing credit risk, the Bank has in place a check-and-balance system in which the credit administration section and the business promotion section are kept separate. The Bank holds regular management committee meetings to ensure full reporting and discussion on important credit risk management and administration matters. In addition to providing check and balance between different sections and conducting management level deliberations, the audit department also undertakes to verify credit operations to ensure appropriate credit administration.

Market Risk Management

A) Risk Management System

The Bank has established back offices (the operations administration section) and middle offices (the risk control section) which are independent from front offices (the market department), by which checks and balances are maintained. As part of risk control by management, the Board of Directors establishes the framework for the market risk management system while authorities relating to market operations are defined at management meetings. Furthermore, the Bank allocates economic capital corresponding to the volume of market risk within the scope of the Bank's capital base and establishes quantitative limits on market risk based on the allocated economic capital as well as limits on losses to contain the Bank's exposure to risks and losses within a certain range.

B) Market Risk Management

The Bank reports daily the status on the exposure to market risk and compliance with quantitative limits on market risk and losses to its risk management officer and also regularly reports to the ALM Committee and the Corporate Risk Management Committee, conducting comprehensive analyses on risk profiles including stress testing. The Bank administers risks at each business unit by hedging against interest rate and exchange rate fluctuation risks associated with marketable assets and liabilities with various hedging transactions using securities and derivatives as appropriate. With respect to trading account transactions and their administration, the Bank documents the process and periodically verifies through internal audits that the valuation methods and operation of such transactions are appropriate.

C) Market Risk Measurement Model

Since the daily variation in market risk is significantly greater than that in other types of risks, the Bank measures and manages market risk using the Value at Risk (the "VaR"), and Value at Idiosyncratic Risk (the "VaI") on a daily basis. Market risk for both trading and banking activities (excluding strategic equity securities, UNBC and Bank of Ayudhya) is measured using a uniform market risk measurement model. The principal model used for these activities is historical simulation model (holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days).

* Market risk can be classified into "general market risk" defined as the risk of suffering loss due to the volatility in the general market trend, and "specific market risk" defined as the risk of suffering loss due to the volatility of specific financial instruments such as debt securities or shares, independent of the general market trend. The amount of general market risk calculated by a market risk measurement model is called VaR, while the amount of specific market risk is called VaI.
* The historical simulation method calculates VaR and VaI amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices that occurred over a fixed period in the past. The noted features of the historical simulation method include the ability to directly reflect the characteristics of the market fluctuations and the ability to rigorously measure the risk arising from options. However, because VaR and VaI measure market risk volume with a fixed event probability calculated statistically based on past market changes, they may not be able to ascertain risks when market volatility reaches abnormal levels.
* For banking activities of UNBC and Bank of Ayudhya, the market risk volume is identified using earnings at risk ("EaR").
* EaR is an index presenting the volatility of net interest income ("NII") associated with the changes in interest rates and is presented by the percent change (%) against NII of the standard scenario. UNBC sets two types of scenarios of +200 basis points (+2.00%) and -100 basis points (-1.00%) of interest rate changes in making a trial calculation of EaR and Bank of Ayudhya sets two types of scenarios of +100 basis points (+1.00%) and -100 basis points (1.00%) .
* NII represents the difference between interest income and interest expenses, which is net income generated from total fund.

D) Quantitative Information in Respect of Market Risk

(i) Amount of Market Risk Associated with Trading Activities

The amount of consolidated market risk associated with trading activities across the Group was ¥7,000 million ($68 million) and ¥5,907 million as of March 31, 2014 and 2013, respectively.

(ii) Amount of Market Risk Associated with Banking Activities

The amount of consolidated market risk associated with banking activities (excluding strategic equity securities, UNBC and Bank of Ayudhya) across the Group was ¥270,511 million ($2,628 million) and ¥341,228 million as of March 31, 2014 and 2013, respectively. As an appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, UNBC and Bank of Ayudhya), the risk is managed based on the following assumptions for appropriate measurement of core deposit and prepayment in loans and deposits. For a certain part of the deposits without contractual maturities (so called core deposit), interest rate risk is recognized by allocating maturities of various terms (no longer than ten years), taking into account the results of the statistical analysis using the data on the transition of balance by product, prospective of deposit interest rate and other business judgments. The amount of core deposits and the method of allocating maturities are reviewed on a regular basis. Meanwhile, the deposits and loans with contractual maturities involve risks associated with premature repayment or cancellation. These risks are reflected in interest rate risks by estimating the ratio of cancellations through the statistical analysis based on the factors including interest rate change and actual repayments and cancellations.

EaR of banking activities of UNBC as of December 31, 2013 and 2012 was +5.63% and +4.42%, respectively, at the time of interest rate changes of +200 basis points (+2.00%) and -2.31% and -1.83%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).

EaR of banking activities of Bank of Ayudhya as of December 31, 2013 was -1.09% at the time of interest rate changes of +100 basis points (+1.00%) and -0.06% at the time interest changes of -100 basis points (-1.00%).

(iii) Risk of strategic equity portfolio

The market value of the strategically held stocks (publicly traded) of the Bank as of March 31, 2014 and 2013 was subject to a variation of approximately ¥2,950 million ($29 million) and ¥3,024 million, respectively, when the TOPIX index moves one point in either direction.

E) Backtesting

The Bank conducts backtesting in which a one-day holding period of VaR computed by the model is compared with hypothetical profit or loss on a daily basis to verify the accuracy of the market risk measurement model. The Bank also endeavors to secure the accuracy by verifying the reasonableness of assumptions used by the market risk measurement model and identifying the characteristics of the market risk measurement model in use from diversified viewpoints.

The results of backtesting for the years ended March 31, 2014 and 2013 in the trading activities of the Bank showed that hypothetical profit or loss never exceeded VaR. Since the frequency of the excess falls within four times, it is considered that the Bank's VaR model provided reasonably accurate measurements of market risk.

F) Stress Testing

The Bank's VaR measured using market risk measurement model measures the risk volume at a certain probability of incidence computed statistically based on the past market fluctuations and is not designed to capture the risk under certain abnormal market fluctuations. In order to provide for the risk, the Bank implements stress testing on potential losses using various scenarios. The Bank implements diversified stress testing considering the future prospects and endeavors to capture presence of the risk. In addition, daily stress testing at the Bank estimates maximum potential losses on the current trading portfolio based on the actual volatility in each market recorded during the ten-business-day VaR observation period.

Management of Liquidity Risk Associated with Fund Raising Activities

The Bank strives to secure appropriate liquidity in both Japanese yen and foreign currencies by managing the sources of capital and liquidity gap, liquidity-supplying products such as commitment lines, as well as buffer assets that help maintain liquidity level. Specifically, the Board of Directors provides the framework for liquidity risk management, operates businesses in various stages according to the urgency of funding needs and exercises management at each such stage. The liquidity risk management department independent from others is designed to perform checking functions. The department reports to the ALM Committee and the Board of Directors the results from its activities such as evaluation of funding urgency and monitoring of compliance with quantitative limits. The department responsible for funding management performs funding and management activities, and regularly reports the current funding status and forecast as well as the current liquidity risk status to the department responsible for liquidity risk management and other appropriate bodies such as the ALM Committee.

4) Supplementary Explanation on Fair Value, etc. of Financial Instruments

The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used.

(2) Fair value of financial instruments

The following table summarizes the carrying amount and the fair value of financial instruments as of March 31, 2014 and 2013 together with their differences. Note that the following table does not include unlisted equity securities or certain other securities whose fair value is extremely difficult to determine (see Note 2).

	Millions of Yen		
	2014		
March 31	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	¥ 21,016,862	¥ 21,016,862	¥ –
(2) Call loans and bills bought	500,097	500,097	–
(3) Receivables under resale agreements	1,060,045	1,060,045	–
(4) Receivables under securities borrowing transactions	2,692,330	2,692,330	–
(5) Monetary claims bought (*1)	3,947,695	3,981,222	33,527
(6) Trading assets	1,426,202	1,426,202	–
(7) Money held in trust	412,263	412,263	–
(8) Securities:			
Held-to-maturity securities	708,053	701,793	(6,260)
Available-for-sale securities	56,135,188	56,135,188	–
(9) Loans and bills discounted	91,027,750		
Allowance for credit losses (*1)	(694,743)		
	90,333,007	91,366,453	1,033,445
(10) Foreign exchange assets (*1)	2,033,021	2,033,021	–
Total assets	¥ 180,264,767	¥ 181,325,480	¥ 1,060,713
(1) Deposits	¥ 132,731,852	¥ 132,756,430	¥ 24,578
(2) Negotiable certificates of deposit	10,766,064	10,770,132	4,068
(3) Call money and bills sold	1,907,740	1,907,740	–
(4) Payables under repurchase agreements	10,361,024	10,361,024	–
(5) Payables under securities lending transactions	2,108,120	2,108,120	–
(6) Commercial paper	1,206,790	1,206,790	–
(7) Trading liabilities	10,214	10,214	–
(8) Borrowed money	8,447,777	8,482,579	34,801
(9) Foreign exchange liabilities	1,128,713	1,128,713	–
(10) Short-term bonds payable	–	–	–
(11) Bonds payable	5,366,219	5,493,522	127,303
Total liabilities	¥ 174,034,517	¥ 174,225,270	¥ 190,752

Derivatives (*2):			
To which hedge accounting is not applied	¥ 270,563	¥ 270,563	¥ –
To which hedge accounting is applied	(44,744)	(44,744)	–
Total derivatives	¥ 225,818	¥ 225,818	¥ –

	Millions of Yen		
	2013		
March 31	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	¥ 9,420,885	¥ 9,420,885	¥ –
(2) Call loans and bills bought	416,849	416,849	–
(3) Receivables under resale agreements	1,121,637	1,121,637	–
(4) Receivables under securities borrowing transactions	724,782	724,782	–
(5) Monetary claims bought (*1)	3,330,246	3,381,631	51,385
(6) Trading assets	1,821,268	1,821,268	–
(7) Money held in trust	343,074	343,074	–
(8) Securities:			
Held-to-maturity securities	89,323	91,602	2,279
Available-for-sale securities	62,624,653	62,624,653	–
(9) Loans and bills discounted	80,947,236		
Allowance for credit losses (*1)	(773,531)		
	80,173,705	81,233,770	1,060,064
(10) Foreign exchange assets (*1)	1,413,258	1,413,258	–
Total assets	¥ 161,479,684	¥ 162,593,414	¥ 1,113,729
(1) Deposits	¥ 120,153,990	¥ 120,195,318	¥ 41,327
(2) Negotiable certificates of deposit	9,731,585	9,736,963	5,378
(3) Call money and bills sold	3,078,930	3,078,930	–
(4) Payables under repurchase agreements	7,326,949	7,326,949	–
(5) Payables under securities lending transactions	1,139,726	1,139,726	–
(6) Commercial paper	838,990	838,990	–
(7) Trading liabilities	10,151	10,151	–
(8) Borrowed money	6,627,666	6,675,675	48,008
(9) Foreign exchange liabilities	908,428	908,428	–
(10) Short-term bonds payable	109,946	109,946	–
(11) Bonds payable	4,689,978	4,839,606	149,628
Total liabilities	¥ 154,616,344	¥ 154,860,687	¥ 244,343
Derivatives (*2):			
To which hedge accounting is not applied	¥ 315,779	¥ 315,779	¥ –
To which hedge accounting is applied	(98,161)	(98,161)	–
Total derivatives	¥ 217,618	¥ 217,618	¥ –

March 31	Millions of U.S. Dollars 2014 Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	$ 204,206	$ 204,206	$ –
(2) Call loans and bills bought	4,859	4,859	–
(3) Receivables under resale agreements	10,300	10,300	–
(4) Receivables under securities borrowing transactions	26,160	26,160	–
(5) Monetary claims bought (*1)	38,357	38,683	326
(6) Trading assets	13,857	13,857	–
(7) Money held in trust	4,006	4,006	–
(8) Securities:			
Held-to-maturity securities	6,879	6,818	(61)
Available-for-sale securities	545,425	545,425	–
(9) Loans and bills discounted	884,452		
Allowance for credit losses (*1)	(6,750)		
	877,702	887,743	10,041
(10) Foreign exchange assets (*1)	19,753	19,753	–
Total assets	$ 1,751,504	$ 1,761,810	$ 10,306
(1) Deposits	$ 1,289,661	$ 1,289,899	$ 238
(2) Negotiable certificates of deposit	104,606	104,645	39
(3) Call money and bills sold	18,536	18,536	–
(4) Payables under repurchase agreements	100,671	100,671	–
(5) Payables under securities lending transactions	20,483	20,483	–
(6) Commercial paper	11,726	11,726	–
(7) Trading liabilities	99	99	–
(8) Borrowed money	82,081	82,419	338
(9) Foreign exchange liabilities	10,967	10,967	–
(10) Short-term bonds payable	–	–	–
(11) Bonds payable	52,140	53,377	1,237
Total liabilities	$ 1,690,970	$ 1,692,822	$ 1,852
Derivatives (*2):			
To which hedge accounting is not applied	$ 2,629	$ 2,629	$ –
To which hedge accounting is applied	(435)	(435)	–
Total derivatives	$ 2,194	$ 2,194	$ –

(*1) General and specific allowances for credit losses corresponding to loans are deducted. However, with respect to items other than loans, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

(*2) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are presented on a net basis. Net liabilities are presented in parentheses.

(Note 1) Method used for determining the fair value of financial instruments

Assets

(1) “Cash and due from banks”

For deposits without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For deposits with maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the remaining maturity period of the majority of such deposits is short (maturity within one year).

(2) “Call loans and bills bought,” (3) “Receivables under resale agreements,” and (4) “Receivables under securities borrowing transactions”

For each of these items, the majority of transactions are short contract terms (one year or less). Thus, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(5) “Monetary claims bought”

The fair value of “Monetary claims bought” is determined based on the price quoted by the financial institutions from which these claims were purchased or on the amount reasonably calculated based on the reasonable estimation. For certain “Monetary claims bought” to which these methods do not apply, the carrying amount is presented as the fair value, as the fair value approximates such carrying value.

(6) “Trading assets”

For securities such as bonds that are held for trading purposes, the fair value is determined based on the market price at the exchange, the price quoted by the financial institutions from which these securities were purchased or the present value of the expected future cash flows discounted at the interest rate which is the adjusted market interest rate on the evaluation date.

(7) "Money held in trust"

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value is determined based on the price quoted by the financial institutions from which these securities were purchased.

See Note 5 "Money Held in Trust" for notes on "Money held in trust" by categories based on different holding purposes.

(8) "Securities"

The fair value of equity securities is determined based on the price quoted by the exchange and the fair value of bonds is determined based on the price quoted by the exchange or the financial institutions from which they were purchased. The fair value of investment trusts is determined based on the publicly available price. For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees, guarantee fees and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments. With respect to variable rate Japanese government bonds that are included in "Securities" in the table above, the Bank values them at an amount calculated on a reasonable basis according to ASBJ PITF No. 25 "Practical Solution on Measurement of Fair Value for Financial Assets" (issued on October 28, 2008 by the ASBJ), as the Bank determined that taking into account the recent market conditions, the market price of these securities as of the fiscal year end date cannot be regarded as the fair value. The value of variable rate Japanese government bonds calculated on a reasonable basis is determined by discounting the expected future cash flow estimated based on factors such as the yield of government bonds, and the discounting rate is based on the yield of such government bonds, the value of embedded options and the liquidity premium based on the actual market premiums observed in the past.

For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account an amount calculated by discounting the expected future cash flow, which is derived from such factors as default probability and prepayment rate derived from analyses of the underlying assets and discounted at a rate, which is the yield of such securitized products adjusted for the liquidity premium based on the actual historical market data, as well as the price obtained from external parties (brokers or information vendors). For other securitized products, the fair value is determined based on the price obtained from external parties after considering the result of periodic confirmation of the current status of these products, including price comparison with similar products, time series data comparison of the same product, and analysis of consistency with publicly available market indices. See Note 4 "Trading Assets or Liabilities and Securities" for notes on securities by categories based on holding purposes.

(9) "Loans and bills discounted"

With respect to loans, for each category of loans based on types of loans, internal ratings and maturity length, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments. For loans with variable interest rates such as certain residential loans provided to individual homeowners, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination. For receivables from "bankrupt," "virtually bankrupt" and "likely to become bankrupt" borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the net amount of receivables after the deduction of allowance for credit losses on the consolidated balance sheet as of the consolidated balance sheet date, such amount is presented as the fair value.

(10) "Foreign exchange assets"

"Foreign exchange assets" consist of foreign currency deposits with other banks (due from foreign banks (our accounts)), short-term loans involving foreign currencies (due from foreign banks (their accounts)), export bills, traveler's checks, etc. (foreign bills bought), and loans on notes using import bills (foreign bills receivable). For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because most of these items are deposits without maturity or have short contract terms (one year or less).

<u>Liabilities</u>

(1) "Deposits" and (2) "Negotiable certificates of deposit"

For demand deposits, the amount payable on demand as of the fiscal year end date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the market interest rate is reflected in such deposits within a short time period. Fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of discounted expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits.

(3) "Call money and bills sold," (4) "Payables under repurchase agreements," (5) "Payables under securities lending transactions" and (6) "Commercial paper"

For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the majority of them are short contract terms (one year or less).

(7) "Trading liabilities"

For securities such as bonds that are sold short for trading purposes, the fair value is determined based on the price quoted by the exchange or the financial institutions to which these securities were sold.

(8) "Borrowed money"

For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is done so on the basis that the market interest rate is reflected in the fair value set within a short time period for such floating rate borrowings and that there has been no significant change in the Bank's nor the subsidiaries' creditworthiness after such borrowings were made. For fixed rate borrowings, the fair value is calculated as the present value of expected future cash flow from these borrowings grouped by certain maturity lengths, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or subsidiaries.

(9) “Foreign exchange liabilities”

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident Japanese yen deposits are deposits without maturity (due to other foreign banks). Moreover, foreign currency short-term borrowings have short contract terms (one year or less). Thus, the carrying amount is presented as the fair value for these contracts as the fair value approximates such carrying amount.

(10) “Short-term bonds payable”

For “Short-term bonds payable,” the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because they carry short contract terms (one year or less).

(11) “Bonds payable”

The fair value of corporate bonds issued by the Group is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at an interest rate generally applicable to issuance of similar corporate bonds. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the fair value of such corporate bonds because such bond terms were set within a short time period and that there has been no significant change in the creditworthiness of the Group after the issuance. For fixed rate corporate bonds, the fair value is the present value of expected future cash flow from these borrowings, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its subsidiaries.

(Note 2) The following table summarizes financial instruments whose fair value is extremely difficult to estimate (before deducting valuation allowance): These securities are not included in the amount presented under the line item “Assets-Available-for-sale securities” in the table summarizing fair value of financial instruments.

	Carrying amount	
	2014	
March 31	Millions of Yen	Millions of U.S. Dollars
Unlisted equity securities (*1) (*2)	¥ 124,705	$ 1,212
Investment in partnerships, etc. (*2) (*3)	185,178	1,799
Other (*2)	538	5
Total	¥ 310,421	$ 3,016

	Carrying amount
	2013
March 31	Millions of Yen
Unlisted equity securities (*1) (*2)	¥ 274,249
Investment in partnerships, etc. (*2) (*3)	159,837
Other (*2)	391
Total	¥ 434,477

(*1) Unlisted equity securities do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not disclosed.

(*2) With respect to unlisted equity securities, an impairment loss of ¥6,370 million ($62 million) and ¥4,810 million was recorded in the fiscal years ended March 31, 2014 and 2013, respectively.

(*3) Investments in partnerships mainly include anonymous partnerships and investment business partnerships, etc. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not disclosed.

(Note 3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	2014					
March 31	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities (*1)(*2):	¥ 16,004,432	¥ 11,499,210	¥ 12,270,233	¥ 3,880,925	¥ 4,574,965	¥ 5,187,077
Held-to-maturity securities:	18,925	291	4,995	224,701	1,179,133	1,012,047
Japanese government bonds	—	—	—	—	—	—
Foreign bonds	18,925	291	61	8,327	82,857	597,589
Other	—	—	4,933	216,374	1,096,275	414,458
Available-for-sale securities with contractual maturities:	15,985,507	11,498,918	12,265,237	3,656,224	3,395,832	4,175,030
Japanese government bonds	13,707,896	8,004,098	7,184,366	2,070,387	2,090,476	799,787
Municipal bonds	19,619	18,933	106,171	—	52,631	370
Corporate bonds	235,727	442,665	316,469	138,919	208,909	780,325
Foreign bonds	1,978,797	2,958,053	4,285,929	1,418,053	990,124	2,334,382
Other	43,466	75,168	372,301	28,863	53,690	260,164
Loans (*1)(*3)	40,892,471	14,738,213	11,730,714	4,862,914	4,819,803	13,013,825
Total	¥ 56,896,903	¥ 26,237,423	¥ 24,000,948	¥ 8,743,840	¥ 9,394,768	¥ 18,200,903

	Millions of U.S. Dollars					
	2014					
March 31	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities (*1)(*2):	$ 155,504	$ 111,729	$ 119,221	$ 37,708	$ 44,451	$ 50,399
Held-to-maturity securities:	184	3	49	2,183	11,456	9,833
Japanese government bonds	—	—	—	—	—	—
Foreign bonds	184	3	1	81	805	5,806
Other	—	—	48	2,102	10,651	4,027
Available-for-sale securities with contractual maturities:	155,320	111,726	119,172	35,525	32,995	40,566
Japanese government bonds	133,190	77,770	69,805	20,116	20,312	7,771
Municipal bonds	191	184	1,032	—	511	4
Corporate bonds	2,290	4,301	3,075	1,350	2,030	7,582
Foreign bonds	19,227	28,741	41,643	13,778	9,620	22,682
Other	422	730	3,617	281	522	2,527
Loans (*1) (*3)	397,323	143,201	113,979	47,249	46,831	126,446
Total	$ 552,827	$ 254,930	$ 233,200	$ 84,957	$ 91,282	$ 176,845

(*1) The amounts above are stated using the carrying amounts.
(*2) Securities include trust beneficiaries of "Monetary claims bought."
(*3) Loans do not include those amounts whose repayment schedules cannot be determined including due from "bankrupt" borrowers, "virtually bankrupt" borrowers and "likely to become bankrupt" borrowers amounting to ¥969,806 million ($9,423 million).

(Note 4) Maturity analysis for "Time deposits," "Negotiable certificates of deposit" and other interest bearing liabilities

	Millions of Yen					
	2014					
March 31	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Time deposits and negotiable certificates of deposit (*1)	¥ 50,988,315	¥ 5,759,201	¥ 930,982	¥ 78,240	¥ 59,029	¥ 2,664
Borrowed money (*1)(*2)(*3)	6,145,107	1,467,899	260,742	107,429	352,752	113,846
Bonds (*1)(*2)	783,145	1,762,292	871,813	551,204	1,052,735	345,028
Total	¥ 57,916,567	¥ 8,989,394	¥ 2,063,538	¥ 736,874	¥ 1,464,517	¥ 461,538

	Millions of U.S. Dollars					
	2014					
March 31	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Time deposits and negotiable certificates of deposit(*1)	$ 495,417	$ 55,958	$ 9,046	$ 760	$ 574	$ 26
Borrowed money(*1) (*2) (*3)	59,708	14,263	2,533	1,044	3,427	1,106
Bonds(*1) (*2)	7,609	17,123	8,471	5,356	10,229	3,352
Total	$ 562,734	$ 87,344	$ 20,050	$ 7,160	$ 14,230	$ 4,484

(*1) The amounts above are stated at the carrying amount.
(*2) "Borrowed money" and "Bonds" whose maturities are not defined are recorded under "Due after ten years."
(*3) There was no outstanding balance of rediscounted bills as of March 31, 2014.

26. DERIVATIVES

The Bank uses derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients and enters into derivative contracts as a part of its trading activities.

The Group enters into futures contracts on interest rate, currency, forward contracts on interest rate and currency, foreign exchange forward contracts, swaps contracts on interest rate, currency, and option contracts on interest rate, currency.

The Bank uses derivatives for the following purposes based on the internally defined risk management and operating policies.
- To provide clients with hedge instruments
- Trading based on the short-term prospect on foreign exchange, interest rate, etc.
- Adjustments or hedging of foreign exchange risk and interest rate risk associated with assets and liabilities

For hedging activities, the Bank classified instruments such as forecasted transactions involving fixed and variable rate deposits, loans, and bonds as hedged items, and instruments such as interest rate swaps as hedging instruments. Regarding effectiveness of hedging, since hedged items and hedging instruments may be almost identical, the Bank considers the hedges to be highly effective. In addition, the Bank may assess effectiveness based on the correlation of floating elements of interest rate.

Significant risk related to derivatives includes market risk and credit risk to be incurred in the course of transactions.

Market risk is the possibility that future changes in market indices make the financial instruments less valuable and credit risk is the possibility that a loss may result from a counterparty's failure to perform according to terms and conditions of the contract, which may exceed the value of underlying collateral. The Bank measures and manages its exposure on derivatives as well as other transactions using a uniform method as much as possible for market risk and credit risk.

As for market risk, the Management Committee grants an authority with VaR (risk index which estimates statistically maximum probable loss to be incurred in the portfolios within a holding period) to the Corporate Risk Management Division. The Corporate Risk Management Division measures and manages overall exposures across the Bank on a global and consolidation basis and reports directly to the Bank's management.

As for credit risk, the Bank identifies and manages credit balances considering the replacement cost and future changes in the replacement cost using a system based on the judgment of the credit risk management division independent from front office function.

Derivative transactions with the same counterparty are recorded in the financial statements on a gross basis without offsetting derivative assets and liabilities regardless of whether there is a legal valid master netting agreement between the two parties.

The Bank has the following derivative contracts outstanding as of March 31, 2014, 2013 and 2012:

Derivatives to which hedge accounting is not applied:
With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and the related valuation gain (loss) at the fiscal year end date by transaction type and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

		Millions of Yen			
		2014			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,005,452	¥ 1,358,459	¥ (633)	¥ (633)
	Bought	723,078	299,135	135	135
Interest rate options	Sold	790,371	–	(190)	(66)
	Bought	858,786	–	279	103
Over-the-counter "OTC" transactions:					
Forward rate agreements	Sold	10,292	–	–	–
	Bought	4,322	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	120,268,027	100,972,058	2,261,784	2,261,784
	Receivable floating rate/ Payable fixed rate	122,792,683	100,201,499	(2,074,902)	(2,074,902)
	Receivable floating rate/ Payable floating rate	39,116,427	30,623,868	23,456	23,456
	Receivable fixed rate/ Payable fixed rate	290,567	290,567	(230)	(230)
Interest rate swaptions	Sold	7,032,370	2,048,160	(77,164)	(53,310)
	Bought	4,390,031	1,303,754	49,551	32,372
Other	Sold	1,872,361	1,475,824	(4,133)	(469)
	Bought	1,884,495	1,612,170	8,740	6,506
Total		–	–	¥ 186,691	¥ 194,745

March 31		Millions of Yen 2013 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,963,060	¥ 2,214,775	¥ (2,035)	¥ (2,035)
	Bought	1,597,109	1,045,958	(10)	(10)
Interest rate options	Sold	54,882,896	–	(2,775)	5,088
	Bought	28,032,446	865	2,706	(5,195)
OTC transactions:					
Forward rate agreements	Sold	–	–	–	–
	Bought	22,383	3,950	(52)	(52)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	90,289,342	70,049,902	3,278,337	3,278,337
	Receivable floating rate/ Payable fixed rate	93,098,005	71,293,209	(3,144,657)	(3,144,657)
	Receivable floating rate/ Payable floating rate	35,179,263	27,507,588	21,245	21,245
	Receivable fixed rate/ Payable fixed rate	434,435	289,927	(994)	(994)
Interest rate swaptions	Sold	7,899,443	3,031,241	(124,116)	(104,186)
	Bought	3,997,928	1,910,518	89,340	79,268
Other	Sold	2,035,616	1,792,217	(6,049)	(3,294)
	Bought	1,956,873	1,753,528	10,809	9,167
Total		–	–	¥ 121,747	¥ 132,680

March 31		Millions of Yen 2012 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,028,885	¥ 1,546,519	¥ (1,120)	¥ (1,120)
	Bought	888,993	405,789	361	361
Interest rate options	Sold	37,546,493	63,864	(5,198)	5,283
	Bought	19,775,285	63,864	7,059	(4,433)
OTC transactions:					
Forward rate agreements	Sold	640,342	–	–	–
	Bought	731,573	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	101,642,641	72,884,681	3,158,847	3,158,847
	Receivable floating rate/ Payable fixed rate	97,651,382	71,271,048	(3,041,762)	(3,041,762)
	Receivable floating rate/ Payable floating rate	30,529,981	23,026,585	40,164	40,164
	Receivable fixed rate/ Payable fixed rate	433,234	289,927	(788)	(788)
Interest rate swaptions	Sold	11,278,963	3,627,181	(119,374)	(69,272)
	Bought	5,650,818	3,172,496	87,512	60,435
Other	Sold	2,062,349	1,650,559	(8,093)	(1,613)
	Bought	1,850,434	1,675,404	13,919	3,706
Total		–	–	¥ 131,525	¥ 149,806

March 31		Millions of U.S. Dollars 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	$ 19,486	$ 13,199	$ (6)	$ (6)
	Bought	7,026	2,906	1	1
Interest rate options	Sold	7,679	–	(2)	(1)
	Bought	8,344	–	3	1
OTC transactions:					
Forward rate agreements	Sold	100	–	–	–
	Bought	42	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,168,558	981,073	21,976	21,976
	Receivable floating rate/ Payable fixed rate	1,193,089	973,586	(20,160)	(20,160)
	Receivable floating rate/ Payable floating rate	380,066	297,550	228	228
	Receivable fixed rate/ Payable fixed rate	2,823	2,823	(2)	(2)
Interest rate swaptions	Sold	68,329	19,901	(750)	(518)
	Bought	42,655	12,668	481	315
Other	Sold	18,192	14,340	(40)	(5)
	Bought	18,310	15,664	85	63
Total		–	–	$ 1,814	$ 1,892

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on exchange are calculated using the last quoted market price at the Tokyo Financial Exchange Inc. or other exchanges at the fiscal year end date. Fair values of OTC transactions are calculated using the discounted present value, option-pricing models or other methods.

(2) Currency-related derivatives

March 31		Millions of Yen 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 125,402	¥ –	¥ (3,669)	¥ (3,669)
	Bought	14,860	7	202	202
OTC transactions:					
Currency swaps		25,025,591	19,977,122	70,155	70,155
Forward contracts on foreign exchange	Sold	38,658,714	1,936,303	(538,958)	(538,958)
	Bought	37,219,687	1,896,072	635,632	635,632
Currency options	Sold	7,184,599	2,959,711	(293,625)	37,414
	Bought	7,255,049	3,010,257	213,973	(77,279)
Total		–	–	¥ 83,710	¥ 123,498

March 31		Millions of Yen 2013 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 88,041	¥ 4,954	¥ 267	¥ 267
	Bought	20,740	–	59	59
OTC transactions:					
Currency swaps		28,055,368	20,293,334	122,251	122,251
Forward contracts on foreign exchange	Sold	36,380,931	1,434,389	(769,916)	(769,916)
	Bought	34,675,049	1,484,990	870,134	870,134
Currency options	Sold	9,182,226	3,672,753	(316,101)	97,410
	Bought	8,830,059	3,617,165	288,372	(70,617)
Total		–	–	¥ 195,066	¥ 249,588

		Millions of Yen							
		2012							
		Contract amount							
March 31			Total		Over one year		Fair value		Valuation gain (loss)
Transactions listed on exchange:									
Currency futures	Sold	¥	21,645	¥	–	¥	27	¥	27
	Bought		14,970		–		58		58
OTC transactions:									
Currency swaps			23,948,764		17,470,952		28,884		28,884
Forward contracts on foreign exchange	Sold		31,753,388		1,052,850		(330,948)		(330,948)
	Bought		29,533,455		1,111,327		229,208		229,208
Currency options	Sold		6,919,640		3,286,726		(265,475)		60,293
	Bought		6,755,766		3,351,053		409,078		124,652
Total			–		–	¥	70,833	¥	112,176

		Millions of U.S. Dollars							
		2014							
		Contract amount							
March 31			Total		Over one year		Fair value		Valuation gain (loss)
Transactions listed on exchange:									
Currency futures	Sold	$	1,218	$	–	$	(36)	$	(36)
	Bought		144		0		2		2
OTC transactions:									
Currency swaps			243,156		194,103		682		682
Forward contracts on foreign exchange	Sold		375,619		18,814		(5,237)		(5,237)
	Bought		361,637		18,423		6,176		6,176
Currency options	Sold		69,808		28,757		(2,853)		364
	Bought		70,492		29,249		2,079		(751)
Total			–		–	$	813	$	1,200

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the discounted present value or other methods.

(3) Equity-related derivatives

March 31		Millions of Yen 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 4,807	¥ –	¥ 14	¥ 14
	Bought	5,429	–	70	70
OTC transactions:					
OTC options on securities	Sold	212,183	199,003	(26,725)	(26,725)
	Bought	212,183	199,003	26,725	26,725
Total return swap	Sold	–	–	–	–
	Bought	4,846	–	(262)	(262)
Total		–	–	¥ (177)	¥ (177)

March 31		Millions of Yen 2013 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 1,283	¥ –	¥ (7)	¥ (7)
	Bought	901	–	4	4
OTC transactions:					
OTC options on securities	Sold	157,176	152,146	(8,941)	(7,180)
	Bought	157,176	152,146	8,904	7,142
Total return swaps	Sold	–	–	–	–
	Bought	2,836	2,836	(220)	(220)
Total		–	–	¥ (261)	¥ (261)

March 31		Millions of Yen 2012 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ –	¥ –	¥ –	¥ –
	Bought	252	–	0	0
OTC transactions:					
OTC options on securities	Sold	118,208	114,676	(6,746)	(5,561)
	Bought	118,208	114,676	6,746	5,561
Total		–	–	¥ 0	¥ 0

March 31		Millions of U.S. Dollars 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	$ 47	$ –	$ 0	$ 0
	Bought	53	–	1	1
OTC transactions:					
OTC options on securities	Sold	2,062	1,934	(260)	(260)
	Bought	2,062	1,934	260	260
Total return swaps	Sold	–	–	–	–
	Bought	47	–	(3)	(3)
Total		–	–	$ (2)	$ (2)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on the exchanges are calculated using the last quoted market price at the Osaka Exchange (Tokyo Stock Exchange in 2013 and 2012) or other exchanges at the fiscal year end date.
   Fair values of OTC transactions are determined using option-pricing models or other methods.

(4) Bond-related derivatives

March 31		Millions of Yen 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 515,771	¥ –	¥ 678	¥ 678
	Bought	262,188	–	(351)	(351)
Bond futures options	Sold	1,492,931	–	(2,326)	353
	Bought	1,353,055	–	4,557	860
OTC transactions:					
Bond OTC options	Sold	421,600	–	(608)	28
	Bought	721,600	–	749	(23)
Total		–	–	¥ 2,699	¥ 1,545

March 31		Millions of Yen 2013 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 704,406	¥ –	¥ (770)	¥ (770)
	Bought	2,024,027	–	3,569	3,569
Bond futures options	Sold	3,857,803	–	(5,564)	2,139
	Bought	2,936,304	–	2,572	(6,028)
OTC transactions:					
Bond OTC options	Sold	–	–	–	–
	Bought	450,000	–	417	(7)
Bond forward contracts	Sold	77,308	–	(91)	(91)
	Bought	133,503	–	50	50
Total		–	–	¥ 184	¥ (1,136)

March 31		Millions of Yen 2012 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 809,619	¥ –	¥ (209)	¥ (209)
	Bought	777,102	–	1,101	1,101
Bond futures options	Sold	533,702	–	(1,836)	(378)
	Bought	648,232	–	1,763	(1,734)
OTC transactions:					
Bond forward contracts	Sold	82,190	–	(391)	(391)
	Bought	152,051	–	(424)	(424)
Total		–	–	¥ 3	¥ (2,036)

March 31		Millions of U.S. Dollars 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	$ 5,011	$ –	$ 7	$ 7
	Bought	2,547	–	(3)	(3)
Bond futures options	Sold	14,506	–	(23)	3
	Bought	13,147	–	44	8
OTC transactions:					
Bond OTC options	Sold	4,096	–	(6)	0
	Bought	7,011	–	7	(0)
Total		–	–	$ 26	$ 15

Notes:
1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the last quoted market price at the Osaka Exchange (Tokyo Stock Exchange in 2013 and 2012) or other exchanges.

(5) Commodity-related derivatives

March 31		Millions of Yen 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 204,983	¥ 98,699	¥ (9,791)	¥ (9,791)
	Receivable floating rate/ Payable index volatility	210,446	93,362	10,233	10,233
Commodity options	Sold	188,917	89,133	(1,727)	(1,669)
	Bought	188,917	89,133	1,729	1,673
Total		–	–	¥ 444	¥ 446

March 31		Millions of Yen 2013 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 134,199	¥ 65,786	¥ (24,121)	¥ (24,121)
	Receivable floating rate/ Payable index volatility	149,960	67,751	24,515	24,515
Commodity options	Sold	162,508	91,771	(4,248)	(4,191)
	Bought	162,506	91,771	4,254	4,198
Total		–	–	¥ 399	¥ 400

March 31		Millions of Yen 2012 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 124,326	¥ 96,393	¥ (39,150)	¥ (39,150)
	Receivable floating rate/ Payable index volatility	142,683	108,162	39,610	39,610
Commodity options	Sold	136,664	130,340	(6,319)	(6,303)
	Bought	136,661	130,340	6,325	6,310
Total		–	–	¥ 466	¥ 467

March 31		Millions of U.S. Dollars 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	$ 1,992	$ 959	$ (95)	$ (95)
	Receivable floating rate/ Payable index volatility	2,045	907	99	99
Commodity options	Sold	1,836	866	(17)	(16)
	Bought	1,836	866	17	16
Total		–	–	$ 4	$ 4

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the prices contract periods of the underlying transactions and other factors composing the transactions.
3. Commodity is mainly related to oil.

(6) Credit-related derivatives

		Millions of Yen			
		2014			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 559,403	¥ 487,908	¥ 5,471	¥ 5,471
	Bought	894,007	644,887	(8,544)	(8,544)
Other	Sold	–	–	–	–
	Bought	14,782	14,782	41	41
Total		–	–	¥ (3,032)	¥ (3,032)

		Millions of Yen			
		2013			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 515,577	¥ 395,730	¥ (107)	¥ (107)
	Bought	911,564	572,289	(1,336)	(1,336)
Total		–	–	¥ (1,443)	¥ (1,443)

		Millions of Yen			
		2012			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 703,392	¥ 426,590	¥ 1,108	¥ 1,108
	Bought	1,163,370	654,010	4,675	4,675
Total		–	–	¥ 5,783	¥ 5,783

		Millions of U.S. Dollars			
		2014			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	$ 5,435	$ 4,741	$ 53	$ 53
	Bought	8,686	6,266	(83)	(83)
Other	Sold	–	–	–	–
	Bought	144	144	0	0
Total		–	–	$ (30)	$ (30)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using discounted present value, option-pricing models or other methods.
3. “Sold” refers to transactions underwriting credit risk and “Bought” refers to transactions delivering credit risk.

(7) Other derivatives

March 31		Millions of Yen 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 24,689	¥ 24,689	¥ (2,170)	¥ 160
	Bought	24,689	24,689	2,170	433
SVF Wrap Products	Sold	1,700,128	1,700,128	(1)	(1)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	4,860	4,860	230	230
Total		–	–	¥ 228	¥ 822

March 31		Millions of Yen 2013 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 7,000	¥ 7,000	¥ (309)	¥ 63
	Bought	7,000	7,000	309	(63)
SVF Wrap Products	Sold	802,463	802,463	(0)	(0)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	8,015	8,015	87	87
Total		–	–	¥ 86	¥ 86

March 31		Millions of U.S. Dollars 2014 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	$ 240	$ 240	$ (21)	$ 2
	Bought	240	240	21	4
SVF Wrap Products	Sold	16,519	16,519	(0)	(0)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	47	47	2	2
Total		–	–	$ 2	$ 8

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the option-pricing models or other methods.
3. SVF Wrap Products are derivative instruments that the Bank guarantees payment of the principal to the 401(k) investors who invest in Stable Value Fund.
4. There was no outstanding transaction as of March 31, 2012.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the fiscal year end date by transaction type and hedge accounting method and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate related derivatives

March 31			Millions of Yen 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 14,984,986	¥ 14,228,132	¥ 137,906
	Receivable floating rate/ Payable fixed rate		6,521,733	6,158,697	(22,701)
	Interest rate futures		2,600,111	829,232	(1,369)
Total			–	–	¥ 113,835

March 31			Millions of Yen 2013		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 8,811,494	¥ 7,749,597	¥ 241,155
	Receivable floating rate/ Payable fixed rate		6,455,189	5,348,152	(57,398)
	Receivable floating rate/ Payable floating rate		20,000	–	305
	Interest rate futures		2,053,301	69,249	713
	Other		268,398	12,987	0
Total			–	–	¥ 184,775

March 31			Millions of Yen 2012		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 4,041,462	¥ 3,178,676	¥ 165,598
	Receivable floating rate/ Payable fixed rate		3,479,337	3,230,265	(72,728)
	Receivable floating rate/ Payable floating rate		20,000	20,000	611
	Interest rate futures		584,055	35,950	288
	Other		310,960	272,090	16
Total			–	–	¥ 93,788

March 31			Millions of U.S. Dollars 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	$ 145,598	$ 138,245	$ 1,340
	Receivable floating rate/ Payable fixed rate		63,367	59,840	(221)
	Interest rate futures		25,263	8,057	(13)
Total			–	–	$ 1,106

Notes:

1. These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Audit Committee Report No. 24 “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry.”
2. Fair values of transactions listed on exchange are calculated using the last quoted market price at the Tokyo Financial Exchange, Inc. or other exchanges at the fiscal year end date.
   Fair values of OTC transactions are calculated using the discounted present value, the option-pricing models or other methods.

(2) Currency-related derivatives

March 31			Millions of Yen 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 14,846,245	¥ 9,235,369	¥ (159,097)

March 31			Millions of Yen 2013		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 10,490,858	¥ 6,726,293	¥ (269,688)

March 31			Millions of Yen 2012		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 9,111,841	¥ 4,953,090	¥ (159,212)

March 31			Millions of U.S. Dollars 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	$ 144,250	$ 89,733	$ (1,546)

Notes:

1. These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Audit Committee Report No. 25, “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry.”
2. Fair values are calculated using the discounted present value or other methods.

(3) Equity-related derivatives

There were no equity-related derivatives as of March 31, 2012.

March 31			Millions of Yen 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Profit or loss on hedged items is recognized.	Total return swaps	Available-for-sale securities (equity securities)	¥ 39,561	¥ 30,743	¥ (2,266)
	Other		495	–	(44)
Total			–	–	¥ (2,310)

March 31			Millions of Yen 2013		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Profit or loss on hedged items is recognized.	Total return swaps	Available-for-sale securities (equity securities)	¥ 8,720	¥ 8,720	¥ (47)

March 31			Millions of U.S. Dollars 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Profit or loss on hedged items is recognized.	Total return swaps	Available-for-sale securities (equity securities)	$ 384	$ 299	$ (22)
	Other		5	–	(0)
Total			–	–	$ (22)

Note: Fair values are calculated using the discounted present value or other methods.

(4) Bond-related derivatives

March 31			Millions of Yen 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	OTC bond options	Available-for-sale securities (debt securities)	¥ 2,159,400	¥ –	¥ 2,827

March 31			Millions of Yen 2013		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	OTC bond options	Available-for-sale securities (debt securities)	¥ 2,610,000	¥ –	¥ (13,201)

March 31			Millions of Yen 2012		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	OTC bond options	Available-for-sale securities (debt securities)	¥ 1,708,000	¥ –	¥ (447)

March 31			Millions of U.S. Dollars 2014		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Principle method	OTC bond options	Available-for-sale securities (debt securities)	$ 20,981	$ –	$ 27

Note: Fair values are calculated using the option-pricing models or other methods.

27. BUSINESS COMBINATIONS OR DIVESTITURES

Year ended March 31, 2014

(Business Combinations)

Business combination through acquisition
(Bank of Ayudhya became a subsidiary through acquisition of its shares)
The Bank resolved at the meeting of Board of Directors on July 2, 2013 on the implementation of voluntary tender offer by the Bank (the “Voluntary Tender Offer”) to acquire a majority of common stock of Bank of Ayudhya. The Voluntary Tender Offer was implemented from November 7, 2013 through December 13, 2013. As a result of the Voluntary Tender Offer, the Bank acquired 4,373,714,120 shares of common stock of Bank of Ayudhya, which accounted for a majority of its voting rights, and Bank of Ayudhya became a subsidiary of the Bank.

1. Overview of the business combination

   (1) Name and business description of the acquired company
   Name of the acquired company　Bank of Ayudhya Public Company Limited
   Description of business　Commercial bank

   (2) Main objectives of the business combination
   To further strengthen financial services in Thailand and accommodate diverse needs of customers operating in Thailand through an investment in Bank of Ayudhya

   (3) Date of the business combination
   December 18, 2013

   (4) Legal form of the business combination
   Making the company a subsidiary through acquisition of its shares

   (5) Acquired voting rights ratio
   72.01%

2. Period of business results of the acquired company included in the consolidated financial statements
   As the date of the business combination is deemed to be December 31, 2013 and the subsidiary is consolidated based on its financial statements as of December 31, 2013, the business results of the acquired company are not included in the consolidated financial statements for the current year.

3. Acquisition cost of the acquired company and its breakdown

Consideration for acquisition	¥535,934 million ($5,207 million)
Expense directly related to acquisition	¥2,266 million ($22 million)
Acquisition cost	¥538,200 million ($5,229 million)

4. Amount of goodwill incurred, causes, amortization method and amortization period
   (1) Amount of goodwill incurred
   ¥166,634 million ($1,619 million)

   (2) Causes
   Incurred due to the future excess earnings capacity arising from the future business development

   (3) Amortization method and amortization period
   Straight-line method over 20 years

5. Amounts of assets received and liabilities accepted on the date of the business combination and their major breakdown

(1) Amount of assets	Total assets	¥4,122,741 million ($40,058 million)
	Including loans and bills discounted	¥2,067,243 million ($20,086 million)
(2) Amount of liabilities	Total liabilities	¥3,592,066 million ($34,902 million)
	Including deposits	¥2,488,862 million ($24,182 million)

   In the allocation of acquisition cost, the amount allocated to intangible fixed assets other than goodwill was ¥206,314 million ($2,005 million), which mainly consisted of ¥123,836 million ($1,203 million) of customer-related assets (amortization period of 11 years) and ¥59,891 million ($582 million) of core deposits (amortization period of 11 years).

6. Estimated amount and its calculation method of the effects on the consolidated statement of income for the current year assuming that the business combination was completed on the beginning date of the current year

Ordinary income (Unaudited)	¥3,900,567 million ($37,899 million)
Ordinary profits (Unaudited)	¥1,239,212 million ($12,040 million)

Net income (Unaudited)	¥759,722 million ($7,382 million)

(Method used for determining the estimated amount)
The estimated amount is determined as the effects on ordinary income, ordinary profits and net income which are calculated on the assumption that the business combination was completed on the beginning date of the current period. The amount of amortization is also calculated on the assumption that the goodwill and intangible fixed assets recognized at the time of the business combination incurred on the beginning date of the current year.

Year ended March 31, 2013
There was neither a significant business combination nor a business divestiture to be disclosed for the year ended March 31, 2013.

28. RELATED-PARTY TRANSACTION

***Related-party transactions*:**
Related-party transactions for the years ended March 31, 2014, 2013 and 2012 were as follows:

(1)Transactions between the Bank and its related parties

a. Parent company and major shareholders
Year ended March 31, 2014

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	¥2,140,488	Bank holding company	Direct: 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	¥ – 12,995	Loans and bills discounted Other assets	¥ 1,901,692 168

Terms and conditions on transactions and transaction policy:
Note 1: The interest rate on loans is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.

Year ended March 31, 2013

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	¥2,139,378	Bank holding company	Direct: 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	¥ – 14,628	Loans and bills discounted Other assets	¥ 1,857,381 253

Terms and conditions on transactions and transaction policy:
Note 1: The interest rate on loans is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.

Year ended March 31, 2012

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	¥2,138,487	Bank holding company	Direct: 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	¥ – 21,536	Loans and bills discounted Other assets	¥ 1,833,117 1,596

Terms and conditions on transactions and transaction policy:
Note 1: The interest rate on loans is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.

Year ended March 31, 2014

Type	Name:	Location	Capital (Millions of U.S. Dollars)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	$ 20,798	Bank holding company	Direct: 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	$ – 126	Loans and bills discounted Other assets	$ 18,477 2

Terms and conditions on transactions and transaction policy:

Note 1: The interest rate on loans is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the years ended March 31, 2014, 2013 and 2012.

c. Companies that are owned by the same parent company with the Bank ("sister company") and other affiliates' subsidiaries

There was no applicable transaction to be reported for the years ended March 31, 2013 and 2012.

Year ended March 31, 2014

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Tokyo	¥ 40,500	Financial instruments transactions	None	Securities lending, borrowing, etc.	Bonds lending and borrowing (Note 1)	¥ – (Note 2)	Receivables under securities borrowing transactions	¥ 2,123,566

Terms and conditions on transactions and transaction policy:

Note 1: Terms and conditions are determined considering market trends.

Note 2: For transaction amount, only the outstanding balance at the end of the fiscal year is disclosed due to repeated and large amount market transactions.

Year ended March 31, 2014

Type	Name:	Location	Capital (Millions of U.S. Dollars)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Parent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Tokyo	$ 394	Financial instruments transactions	None	Securities lending, borrowing, etc.	Bonds lending and borrowing (Note 1)	$ – (Note 2)	Receivables under securities borrowing transactions	$ 20,633

Terms and conditions on transactions and transaction policy:

Note 1: Terms and conditions are determined considering market trends.

Note 2: For transaction amount, only the outstanding balance at the end of the fiscal year is disclosed due to repeated and large amount market transactions.

d. Directors or major individual shareholders

Year ended March 31, 2014

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1)	¥ – 1	Loans and bills discounted Other assets	¥ 45 0
Director	Yoshiki Murabayashi	Relative of representative director of the Bank	None	Loans	Loan (Note 2) Receipt of interest (Note 2)	34 0	Loans and bills discounted Other assets	34 0

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 25 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.

Year ended March 31, 2013

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1)	¥ – 1	Loans and bills discounted Other assets	¥ 47 0
Director	Tetsuya Nakagawa	Corporate auditor of the Bank	None	Loans	Loan (Note 2) Receipt of interest (Note 2)	– 0	Loans and bills discounted Other assets	– –

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 25 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 19 years and six months.

Year ended March 31, 2012

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1)	¥ – 1	Loans and bills discounted Other assets	¥ 49 0
Director	Tetsuya Nakagawa	Corporate auditor of the Bank	None	Loans	Loan (Note 2) Receipt of interest (Note 2)	– 0	Loans and bills discounted Other assets	18 0

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 25 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 19 years and six months.

Year ended March 31, 2014

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1)	$ – 0	Loans and bills discounted Other assets	$ 0 0
Director	Yoshiki Murabayashi	Relative of representative director of the Bank	None	Loans	Loan (Note 2) Receipt of interest (Note 2)	0 0	Loans and bills discounted Other assets	0 0

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 25 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.

(2) Transactions between subsidiaries of the Bank and its related parties

There was no applicable transaction to be reported for the years ended March 31, 2014, 2013 and 2012.

Information about the parent company or significant affiliates:

(1) Information about the parent company:
Mitsubishi UFJ Financial Group, Inc. (listed on Tokyo Stock Exchange, Nagoya Stock Exchange and New York Stock Exchange)

(2) Condensed financial information of significant affiliates:
There was no applicable information to be reported for the years ended March 31, 2014, 2013 and 2012.

29. SEGMENT INFORMATION

Notes:

(1) "Ordinary income (expenses)" and "Ordinary profit (loss)" are defined as follows:

1) "Ordinary profit (loss)" means "Ordinary income" less "Ordinary expenses."
2) "Ordinary income" means total income less certain special income included in "Other income" in the accompanying consolidated statements of income.
3) "Ordinary expenses" means total expenses less certain special expenses included in "Other expenses" in the accompanying consolidated statements of income.

(2) A reconciliation of the ordinary profit (loss) under the internal management reporting system for the years ended March 31, 2014, 2013 and 2012 to income before income taxes and minority interests shown in the accompanying consolidated statements of income were as follows:

	Millions of Yen			Millions of U.S. Dollars
March 31	2014	2013	2012	2014
Ordinary profit (loss):	¥ 1,217,534	¥ 1,070,928	¥ 931,709	$ 11,830
Gain on sales of fixed assets	10,099	4,424	5,210	98
Reversal of reserve under special laws	–	–	54	–
Gain on sales of shares of affiliates	6,895	12,047	7,713	67
Loss on disposal of fixed assets	(6,388)	(8,078)	(8,189)	(62)
Impairment loss	(3,758)	(5,142)	(18,211)	(37)
Provision for reserve under special laws	(573)	(166)	–	(5)
Settlement package	(24,537)	–	–	(239)
Loss on sales of shares of subsidiaries	(2,172)	–	(228)	(21)
Loss on sales of shares of affiliates	(330)	(1,099)	–	(3)
Income before income taxes and minority interests	¥ 1,196,769	¥ 1,072,913	¥ 918,059	$ 11,628

For the years ended March 31, 2014, 2013 and 2012:

(1) Reportable segments

The reportable segments of the Bank are subject to the periodical review by the Board of Directors, which is the chief operating decision maker to determine the allocation of management resources and assess performances.

The Bank has established its business units according to the characteristics of customers and the nature of business. Each business unit engages in business activities based on comprehensive strategies developed for and aimed at respective targeted customers and businesses. Accordingly, the Bank's operation comprises segments classified by customers and business, and "Retail Banking Business Unit," "Corporate Banking Business Unit," "Global Business Unit," "Bank of Ayudhya," "Global Markets Unit" and "Other units" are identified as the reportable segments.

Retail Banking Business Unit	: Providing financial services to individual customers in Japan
Corporate Banking Business Unit	: Providing financial services to corporate customers in Japan
Global Business Unit	: Providing financial services to overseas individual and corporate customers
Bank of Ayudhya	: Commercial banking in Thailand
Global Markets Unit	: Foreign exchange, funds and securities transactions for customers and markets, liquidity and cash management
Other units	: Settlement and custody services, investments, internal coordination, etc.

(2) Calculation method of gross operating income and net operating income

Accounting policies adopted by the reportable segments are almost the same as those described in Note 2 "Summary of Significant Accounting Policies," except for the scope of consolidation. The scope of consolidation is limited to the major subsidiaries. The figures used are based on the internal administration basis before consolidation adjustments including elimination of internal profits. The accounting methods for income and expenses over the multiple segments are based on the internal management accounting standards which are based on the market values.

(3) Reportable segment information for the years ended March 31, 2014, 2013 and 2012

Year ended March 31, 2014	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit Total	Global Business Unit (of which UNBC)	Global Markets Unit	Other units	Total
	Millions of Yen						
Gross operating income	¥ 590,706	¥ 689,741	¥ 926,700	¥ 375,851	¥ 357,320	¥ (12,890)	¥ 2,551,577
Non-consolidated	510,695	668,844	443,076	–	344,042	(22,724)	1,943,934
Net interest income	378,854	325,321	235,757	–	154,659	53,875	1,148,468
Net non-interest income	131,841	343,522	207,318	–	189,382	(76,599)	795,465
Subsidiaries	80,010	20,897	483,623	375,851	13,278	9,833	607,643
Expenses	453,083	324,132	554,147	266,808	61,754	123,909	1,517,028
Net operating income	¥ 137,622	¥ 365,608	¥ 372,552	¥ 109,043	¥ 295,566	¥ (136,800)	¥ 1,034,548

Year ended March 31, 2013	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit Total	Global Business Unit (of which UNBC)	Global Markets Unit	Other units	Total
	Millions of Yen						
Gross operating income	¥ 595,801	¥ 665,672	¥ 742,710	¥ 288,488	¥ 580,564	¥ (13,788)	¥ 2,570,960
Non-consolidated	496,166	637,220	359,790	–	570,430	(18,244)	2,045,364
Net interest income	404,085	324,967	182,211	–	205,912	48,742	1,165,918
Net non-interest income	92,081	312,253	177,579	–	364,518	(66,986)	879,445
Subsidiaries	99,635	28,451	382,920	288,488	10,133	4,455	525,596
Expenses	456,145	335,418	442,605	205,410	51,293	120,453	1,405,916
Net operating income	¥ 139,656	¥ 330,253	¥ 300,105	¥ 83,077	¥ 529,271	¥ (134,242)	¥ 1,165,043

Year ended March 31, 2012	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit Total	Global Business Unit (of which UNBC)	Global Markets Unit	Other units	Total
	Millions of Yen						
Gross operating income	¥ 615,976	¥ 674,069	¥ 610,140	¥ 251,990	¥ 584,365	¥ 9,806	¥ 2,494,358
Non-consolidated	517,383	645,732	287,207	–	576,502	(8,434)	2,018,391
Net interest income	438,808	347,282	128,700	–	249,958	26,510	1,191,259
Net non-interest income	78,575	298,450	158,507	–	326,543	(34,944)	827,132
Subsidiaries	98,592	28,337	322,932	251,990	7,863	18,240	475,967
Expenses	460,864	338,909	362,054	172,990	45,084	118,114	1,325,026
Net operating income	¥ 155,112	¥ 335,160	¥ 248,085	¥ 79,000	¥ 539,281	¥ (108,307)	¥ 1,169,332

Year ended March 31, 2014	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit Total	Global Business Unit (of which UNBC)	Global Markets Unit	Other units	Total
	Millions of U.S. Dollars						
Gross operating income	$ 5,739	$ 6,702	$ 9,004	$ 3,652	$ 3,472	$ (125)	$ 24,792
Non-consolidated	4,962	6,499	4,305	–	3,343	(221)	18,888
Net interest income	3,681	3,161	2,291	–	1,503	523	11,159
Net non-interest income	1,281	3,338	2,014	–	1,840	(744)	7,729
Subsidiaries	777	203	4,699	3,652	129	96	5,904
Expenses	4,402	3,150	5,384	2,592	600	1,204	14,740
Net operating income	$ 1,337	$ 3,552	$ 3,620	$ 1,060	$ 2,872	$ (1,329)	$ 10,052

Notes:

1. “Gross operating income” corresponds to “Net Sales” of non-banking industries.
2. Gross operating income includes “Net interest income,” “Net fees and commission,” “Net trading income” and “Net other operating income.”
3. “Expenses” includes personnel expenses and premise expenses.
4. Assets or liabilities by reportable segments are not shown since the Bank does not allocate assets or liabilities to segments for the purpose of internal control.
5. UNBC is a bank holding company which owns Union Bank, N.A. in the United States of America as a subsidiary.

(4) A reconciliation of the ordinary profit under the internal management reporting system and "Net operating income" in the table above is as follows:

March 31	Millions of Yen 2014	Millions of Yen 2013	Millions of Yen 2012	Millions of U.S. Dollars 2014
Net operating income per reportable segment information	¥ 1,034,548	¥ 1,165,043	¥ 1,169,332	$ 10,052
Net operating income of subsidiaries excluded from the reportable segment information	61,977	56,965	52,685	602
Provision of general allowance for credit losses	–	6,554	3,213	–
Credit-related expenses	(80,085)	(109,634)	(183,333)	(778)
Reversal of allowance for credit losses	74,570	–	–	725
Reversal of reserve for contingent losses (credit related)	–	–	4,763	–
Gain on collection of bad debts	40,817	34,260	44,892	397
Gains (losses) on equity securities and other securities	111,636	(60,762)	(93,950)	1,084
Equity in earnings of the equity method investees	14,169	15,665	6,312	138
Amortization of net unrecognized actuarial gain or loss	(38,544)	(53,577)	(41,835)	(375)
Gain on cancellation of sleeping deposit accounts	15,435	15,790	9,740	150
Other	(16,990)	623	(40,111)	(165)
Ordinary profit under the internal management reporting system	¥ 1,217,534	¥ 1,070,928	¥ 931,709	$ 11,830

Notes:

1. "Credit related expenses" includes write-off loans for the fiscal year ended March 31, 2014, and includes write-offs of loans and provision of specific allowance for credit losses for the fiscal year ended March 31, 2013.
2. "Losses on equity securities and other securities" includes gains or losses on sales of equity securities and losses on write-down of equity securities.

(5) Other segment related information

1) Information by services

Year ended March 31, 2014	Millions of Yen Banking	Other	Total
Ordinary income from external customers	¥ 3,511,968	¥ 87,459	¥ 3,599,428

Year ended March 31, 2013	Millions of Yen Banking	Other	Total
Ordinary income from external customers	¥ 3,321,362	¥ 97,944	¥ 3,419,307

Year ended March 31, 2012	Millions of Yen Banking	Other	Total
Ordinary income from external customers	¥ 3,201,101	¥ 94,812	¥ 3,295,914

Year ended March 31, 2014	Millions of U.S. Dollars Banking	Other	Total
Ordinary income from external customers	$ 34,123	$ 850	$ 34,973

Note: "Ordinary income" corresponds to net sales of non-banking industries.

2) Information by geographic region

A) Ordinary income

Millions of Yen — Year ended March 31, 2014

Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 2,209,057	¥ 656,538	¥ 13,118	¥ 40,085	¥ 210,075	¥ 470,552	¥ 3,599,428

Millions of Yen — Year ended March 31, 2013

Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 2,258,868	¥ 533,904	¥ 10,258	¥ 20,588	¥ 186,565	¥ 409,122	¥ 3,419,307

Millions of Yen — Year ended March 31, 2012

Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 2,376,314	¥ 429,226	¥ 6,152	¥ 13,633	¥ 157,326	¥ 313,261	¥ 3,295,914

Millions of U.S. Dollars						
Year ended March 31, 2014						
Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 21,464	$ 6,379	$ 127	$ 390	$ 2,041	$ 4,572	$ 34,973

Notes:
1. "Ordinary income" corresponds to net sales of non-banking industries.
2. "Ordinary income" is classified into counties or geographic regions based on the locations of the head office or branches of the Bank and subsidiaries.

B) Tangible fixed assets

Millions of Yen						
As of March 31, 2014						
Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 850,538	¥ 346,791	¥ 108	¥ 2,704	¥ 6,771	¥ 76,127	¥ 1,283,040

Millions of Yen						
As of March 31, 2013						
Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 855,030	¥ 275,765	¥ 81	¥ 1,411	¥ 4,575	¥ 9,326	¥ 1,146,190

Millions of Yen						
As of March 31, 2012						
Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 862,875	¥ 206,115	¥ 72	¥ 649	¥ 3,680	¥ 6,872	¥ 1,080,266

Millions of U.S. Dollars						
As of March 31, 2014						
Japan	USA	North America	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 8,264	$ 3,369	$ 1	$ 26	$ 66	$ 740	$ 12,466

3) Information on loss on impairment of fixed assets by reportable segment

Loss on impairment of fixed assets is not allocated to the reportable segments. The loss on impairment was ¥3,758 million ($37 million), ¥5,142 and ¥18,211 million for the years ended March 31, 2014, 2013 and 2012, respectively.

4) Information on amortization and unamortized balance of goodwill by reportable segment

	Millions of Yen							
			Global Business Unit					
Year ended March 31, 2014	Retail Banking Business Unit	Corporate Banking Business Unit	Total	(of which UNBC)	Bank of Ayudhya	Global Markets Unit	Other units	Total
Amortization	¥ 185	¥ —	¥ 18,175	¥ 18,116	¥ –	¥ –	¥ –	¥ 18,361
Unamortized balance	2,503	30	282,500	281,426	166,634	–	–	451,668

	Millions of Yen						
			Global Business Unit				
Year ended March 31, 2013	Retail Banking Business Unit	Corporate Banking Business Unit	Total	(of which UNBC)	Global Markets Unit	Other units	Total
Amortization	¥ 185	¥ 1	¥ 14,459	¥ 14,399	¥ –	¥ 205	¥ 14,851
Unamortized balance	2,689	41	256,144	255,010	–	–	258,874

	Millions of Yen						
			Global Business Unit				
Year ended March 31, 2012	Retail Banking Business Unit	Corporate Banking Business Unit	Total	(of which UNBC)	Global Markets Unit	Other units	Total
Amortization	¥ 185	¥ 1	¥ 14,062	¥ 13,927	¥ –	¥ –	¥ 14,249
Unamortized balance	2,872	42	224,965	224,965	–	–	227,879

Year ended March 31, 2014	Millions of U.S. Dollars							
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit		Bank of Ayudhya	Global Markets Unit	Other units	Total
			Total	(of which UNBC)				
Amortization	$ 2	$ –	$ 177	$ 176	$ —	$ —	$ —	$ 179
Unamortized balance	25	0	2,745	2,734	1,619	—	—	4,389

Amortization of goodwill which was not allocated to the reportable segments was ¥13 million ($0 million), ¥15 million and ¥95 million for the years ended March 31, 2014, 2013 and 2012, respectively.

30. SUBSEQUENT EVENTS

Acquisition of Preferred Stock

At the Board of Directors' meeting held on February 26, 2014, the Bank resolved to acquire a part of its own preferred stock-first series of Class 7 (156,000,000 shares) in exchange for cash (¥2,500 ($24) per share in the aggregated amount of ¥390 billion ($3,789 million)) as prescribed in the Articles of Incorporation, pursuant to the acquisition provision of Paragraph 1 of Article 18 of the Articles of Incorporation of the Bank, as part of the capital policy.

Based on the above resolution, the Bank acquired a part of its own preferred stock-first series of Class 7 on April 1, 2014.

Appropriations of Retained Earnings

The following appropriation of retained earnings as of March 31, 2014 was approved at the Bank's shareholders' meeting held on June 26, 2014.

	Millions of Yen	Millions of U.S. Dollars
Year-end cash dividends:		
Common stock, ¥10.50 ($0.10) per share	¥ 129,675	$ 1,260
Preferred stock-first series of Class 7, ¥57.50 ($0.56) per share	8,970	87
Total	¥ 138,645	$ 1,347

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